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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN CANADA

JUNE 2017

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This Canadian report is based on MGI's *The power of parity* and McKinsey's Women Matter research, as well as comprehensive, Canadian-focused research and analysis.

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THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN CANADA

JUNE 2017

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PREFACE

Over the past decade, McKinsey has made a sustained commitment to researching and writing about gender and diversity. Since 2007, McKinsey's *Women Matter* research has built a case for greater representation of women in top management positions and explored concrete ways to change corporate attitudes toward women in the workplace. The challenge of inclusive growth is a theme that MGI has explored in many reports, and gender inequality is an important part of that picture. McKinsey has also committed publicly, through the United Nations' HeforShe initiative and the 30% Club, to ambitious gender goals for our own firm over the next five years. McKinsey's global managing partner, Dominic Barton, is one of 47 US chairpersons and CEO members who have publicly committed to greater gender equality at all levels. McKinsey works with UN Women and LeanIn.Org in several ways and has a range of internal programs to drive this agenda. In 2015 and 2016, McKinsey released research reports on Women in the Workplace with LeanIn.Org, as part of a five-year partnership to study the state of women in corporate America.

Women's inequality is a pressing human issue that also has significant ramifications for jobs, productivity, GDP growth, and inequality. In September 2015, MGI published a global report, *The power of parity: How advancing gender equality can add $12 trillion to global growth*, to explore the economic potential of achieving gender parity and to map the gender gaps in countries around the world. Over the course of 2015 and 2016, MGI has published deep dives into gender inequality in India, the United States, and the United Kingdom.

This report builds on the bodies of research from McKinsey's *Women Matter* and MGI's *The power of parity*, positioning efforts to improve gender equality in the context of Canada's changing economy and future needs for productivity and growth. Although Canada has made great progress toward improving the social and economic opportunities for women, challenges remain in addressing a number of areas of inequality across both work and society. In analyzing this issue for Canada, we hope to help business leaders chart the way to achieving greater gender diversity within their corporations and support all stakeholders, including policy makers, in devising effective interventions that promote equitable growth and broad-based prosperity.

As part of the research for this study, we conducted a corporate gender diversity survey among Canadian-headquartered companies: 69 companies employing more than 470,000 employees shared their talent pipeline data, and 68 companies employing more than 520,000 employees completed a survey of human resources practices. From these participating companies, more than 3,000 employees also completed a survey designed to explore their experiences regarding gender, opportunity, career, and work-life issues. To compare and corroborate these results, the same employee experience survey was also taken by 1,000 Canadian adults in the general population. We would like to thank these companies and individuals for participating in the study—their information and insights offer new visibility into the state of Canadian women in the workplace and the steps that companies can take to achieve gender equality. In particular, we want to acknowledge Young Presidents' Organization (YPO) Canada for facilitating the survey amongst its members. We are also grateful to LeanIn.Org, Dr. Marianne Cooper, and Dr. Ellen Konar, who co-developed the employee experience survey with McKinsey Partners Alexis Krivkovich and Lareina Yee as part of McKinsey's Women in the Workplace initiative.

This research was led by Sandrine Devillard, a Senior Partner in Montreal; Tiffany Vogel, an Associate Partner in Toronto; and Andrew Pickersgill, Managing Partner, Canada. Anu Madgavkar, a MGI Partner in Mumbai; Tracy Nowski, an Associate Partner in Washington, D.C.; and Mekala Krishnan, a consultant based in Stamford, advised on the work. The project team comprised consultants in Toronto—Katharine Berger, Darren Cole, Dania Kechrid, Tina Pan, Kate Riley, and Alicia Sikiric.

We would like to thank the Canadian partnership for leading corporate outreach for this study. We received valuable guidance from Kweilin Ellingrud, a Partner in Minneapolis, and Andrea Yandreski, an RTS Senior Vice President in Toronto. This work also benefited from the input of a number of consultants: Anais Gohl, Julie Norseen, and Alix de Zelicourt. Many thanks to experts on diversity and women's economic empowerment who shared their perspectives with us: Janet Bannister, Eytan Bensoussan, Tanya van Biesen, Dr. Susan Black, Caroline Codsi, Dr. Imogen Coe, Dr. Beatrix Dart, Leslie Wood, Jennifer Murtagh, Jennifer Reynolds, Christina Rupsingh, Tina Strehlke, and Despina Zanganas.

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IN BRIEF

THE POWER OF PARITY: ADVANCING WOMEN'S EQUALITY IN CANADA

- Advancing women's equality in Canada has the potential to add $150 billion in incremental GDP in 2026, or a 0.6 percent increase to annual GDP growth. That is 6 percent higher than business-as-usual GDP growth forecasts over the next decade. Put another way, this figure is equivalent to adding a new financial services sector to the economy. Each province stands to gain between 0.4 and 0.9 percent each year, with the most potential growth in British Columbia, Ontario, Prince Edward Island, and Quebec.
- The most important levers for growth are adding more women to high-productivity sectors such as mining and technology, and raising women's labour force participation from 61 to 64 percent. Each lever accounts for 42 percent of the impact. Another 16 percent comes from increasing women's working hours by 50 minutes a week.
- Canada is amongst the global leaders in women's equality. MGI's global research in 2015 ranked Canada in the top ten of 95 countries based on a review of 15 equality indicators in work and society. Canada leads the United States and lags only a few of the Nordic, Western European, and Oceanic countries. However, progress toward gender parity has stalled over the past 20 years, and Canada must find new ways to keep pace. Data on many indicators have shown little improvement and, at current rates, gender gaps could take 30 to 180 years to close.
- The gender gaps are most significant in seven indicators: women represent 35 percent of managerial positions, 28 percent of science, technology, engineering, and mathematics (STEM) graduates, 23 percent of STEM workers, 20 percent of small business owners, and 29 percent of elected officials, but they take on 64 percent of unpaid care work in the home and represent 80 percent of single parents. Results are largely homogeneous across provinces and cities, pointing to common priority areas for action for the nation and for organizations.
- Survey results clearly show that, in corporate Canada, women are less likely than men to be promoted to the next level at almost every stage of their careers. Promotion from director to vice president is a particular bottleneck, where men are three times more likely to advance than women. The loss of female talent along the pipeline is not due to lack of ambition or higher attrition—women aspire to promotions at a similar rate and actually leave at a lower rate than their male counterparts.
- Corporations need to embrace a holistic set of initiatives while focusing on implementing them well and sustaining the efforts over time. In Canada, best-in-class companies use five initiatives to drive progress:

    1. **Go beyond a vocal commitment to diversity by cascading a clear business case for change.** More than half of companies consider gender diversity a top ten strategic priority, but only 14 percent have clearly articulated a business case for change.
    2. **Set targets, track performance, share results, and hold leaders accountable.** Fifty-five percent of companies lack targets for female representation, and 75 percent do not track female recruitment nor reward leaders for fostering gender diversity.
    3. **Create formal sponsorship programs to help promote women.** Men are 50 percent more likely to attribute their advancement to a senior leader than women are, yet 80 percent of companies lack a formal sponsorship program.
    4. **Make flexibility compatible with promotion.** Most companies offer long-term leave or part-time programs, but 58 percent of employees believe that taking advantage of them hurts their career progression.
    5. **Raise awareness of, and combat, unconscious bias to create a truly inclusive environment.** Women comprise only one-quarter of senior leaders, but 80 percent of employees think their company is inclusive.

- Gender equality in work is linked with gender equality in society—the former is not possible without the latter. To progress on the latter, all stakeholders, including government, corporations, not-for-profit organizations, educational institutions, media, and individuals, could undertake a portfolio of initiatives in five priority areas for action in Canada: namely, removing barriers against women entering STEM fields; enabling more women to be entrepreneurs; reducing gender inequalities in child care and unpaid care work; amplifying women's voice in politics; and reducing gender bias and reshaping social norms. Engaging men as well as women and collaborating across organizations and sectors to tackle entrenched attitudes will be one of the most difficult but critical keys to success, ensuring Canada's continued position as a global leader on women's equality.

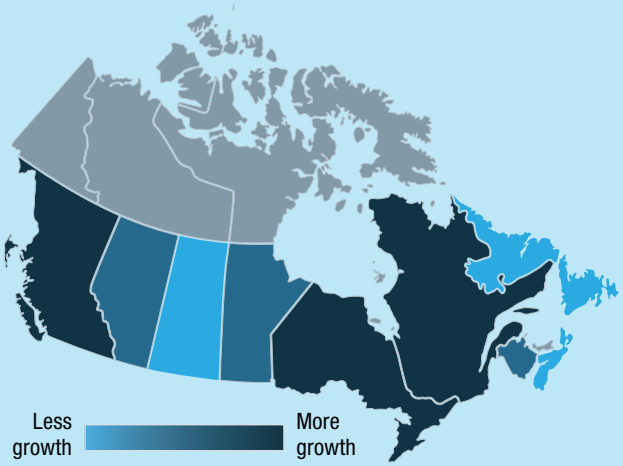
ADVANCING WOMEN'S EQUALITY IN CANADA

THE OPPORTUNITY FROM CLOSING THE GENDER GAP

+$150 billion to forecast 2026 GDP

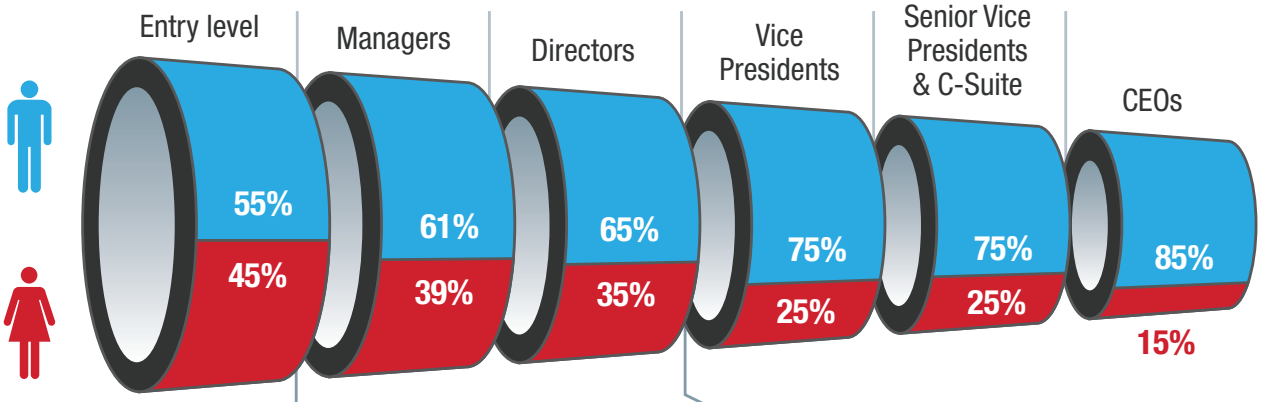
+0.6% incremental GDP growth annually

+0.4–0.9% for each province annually



KEY AREAS TO PRIORITIZE

... within corporations



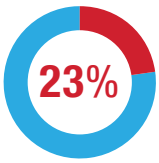
Women are:

30% less likely to be promoted from entry level to manager

60% less likely to go from director to vice president

... in the economy and society at large

STEM occupations

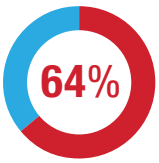


of jobs in STEM (science, technology, engineering, math) fields are women

Entrepreneurship

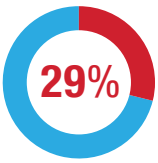
of small- and medium-sized enterprises are majority-owned by women

Share of unpaid care work



of unpaid care work in the home (child care, elderly care, and housework) is done by women

Political Seats



of federal and provincial/territorial elected officials are women

FOUR GAME-CHANGERS TO MAKE CANADA A LEADER

1. Commit to equality, grounded in the economic case
2. Set targets, be accountable for them
3. Implement change holistically
4. Do the hard work of changing mindsets

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EXECUTIVE SUMMARY

In common with many other advanced economies facing demographic headwinds as population growth slows, Canada's economic growth prospects are concerning. There is a growing consensus that without new ways of promoting growth and productivity, GDP growth will probably continue to stagnate and possibly even "slow to half the rate of the past 50 years."[1] A significant part of the solution is for Canada to tap into the vast unrealized potential of women. Accelerating progress toward gender equality is not only a moral and social imperative; it would also deliver a growth dividend.

Over the past decade, Canada's GDP growth has slowed to approximately 2 percent a year, compared with 3 to 4 percent in the previous decade.[2] The Canadian Federal Minister of Finance's Advisory Council on Economic Growth attributes this to a combination of shifting demographics, notably an aging national population, and weaker global demand for Canadian products. Canadian workers' productivity is also about 20 percent below that of American workers, which makes it more difficult to accelerate growth.[3]

In 2015, the McKinsey Global Institute (MGI), the business and economics research arm of McKinsey & Company, found that advancing women's equality could add US $12 trillion opportunity to the global economy in 2025. Every region studied has the potential to increase its GDP by 8 to 16 percent over the next ten years. No region has yet achieved gender parity; countries' distance from full parity varies widely. MGI used 15 economic and social indicators to compile a Gender Parity Score or GPS where 1.00 equals full parity. Norway leads the world with a score of 0.79; in comparison Canada stands in the top ten countries with a score of 0.75. Canada is amongst the global leaders but still has a substantial gender gap—and this offers a considerable economic opportunity.[4]

Canada is well-positioned to make progress on gender inequality and reap the social and economic awards. It is the world's tenth largest economy and a vibrant, multicultural democracy.[5] In 2016, women made up more than 50 percent of the working-age population (15 years and older). Canada's women are abundantly qualified to work, holding 53 percent of all advanced degrees (bachelor's or higher).[6] Moreover, according to a recent International Labour Organization/Gallup poll, 77 percent of Canadian women prefer to work at a paid job rather than staying at home. Men share these attitudes; 80 percent of men polled prefer that women work at a paid job.[7]

There is rising momentum in Canada for action to accelerate progress toward gender parity. The federal government and several provincial governments have made gender equality and inclusivity a priority. At the federal level, the Prime Minister's office signalled change by

1 *The path to prosperity—resetting Canada's growth trajectory*, Advisory Council on Economic Growth, October 20, 2016. Also see *Global growth: Can productivity save the day in an aging world*, McKinsey Global Institute, January 2015.

2 *Gross domestic product (GDP) at basic 2007 prices*, Statistics Canada CANSIM table 379-0030, May 1, 2017.

3 *The path to prosperity—resetting Canada's growth trajectory*, Advisory Council on Economic Growth, October 20, 2016.

4 *The power of parity: How advancing women's equality can add $12 trillion to global growth*, McKinsey Global Institute, September 2015.

5 *Gross domestic product ranking table (based on nominal GDP of nation-states in 2015)*, The World Bank working paper, 2015.

6 *Labour force survey estimates (LFS), by educational attainment, sex, and age group, annual*, Statistics Canada, CANSIM Table 282-0004, January 6, 2017.

7 *Towards a better future for women and work: Voices of women and men*, International Labour Organization and Gallup, March 8, 2017.

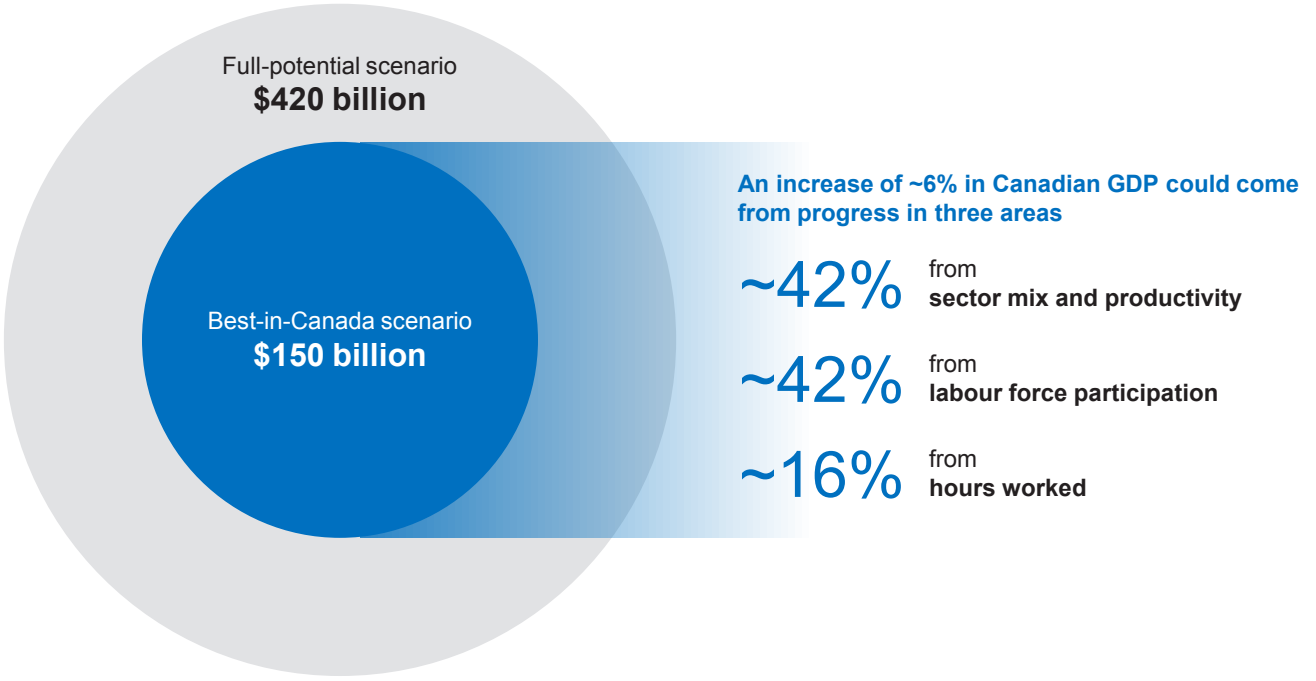
appointing Canada's first gender-balanced cabinet and issuing a gender-based budget in 2017 that specifically addresses women's issues.[8] The province of Ontario established a working group that is dedicated to closing the gender wage gap and increasing female labour force participation.[9] The Advisory Council on Economic Growth identified women, particularly women with children under 16, as a possible engine of future growth.[10] In addition, the United Nations has made gender equality a Sustainable Development Goal (SDG), and the UN Global Compact Network in Canada notes that the fifth SDG, which is gender equality, was the single most acted on SDG in Canada in 2017.[11]

NARROWING THE GENDER GAP IN CANADA CAN POTENTIALLY ADD $150 BILLION TO GDP IN 2026, AN INCREASE OF 0.6 PERCENT A YEAR OVER THE NEXT DECADE

We estimate that greater efforts to harness the power of women in the economy could boost Canada's annual GDP by $150 billion in 2026. This is 6 percent higher than current business-as-usual forecasts and a 0.6 percent increase to annual GDP growth over the next decade. To achieve this significant boost to growth would require Canada to pull three key levers: increase women's labour force participation rate; increase the number of hours women work; and raise women's productivity relative to that of men by adding more women to high-productivity sectors. On all three, the economic potential would depend on matching the performance of Canada's best-performing province. Each province could gain between 4 and 9 percent of its forecast 2026 GDP. The largest potential for additional GDP growth lies in British Columbia, Ontario, Prince Edward Island, and Quebec. If Canada were to go even further and close the gender gap completely—so that women and men participated equally in the workforce with the same hours worked and sector mix—Canada could add $420 billion in 2026 (Exhibit E1).

Exhibit E1

Tackling gender inequality in Canada could add between $150 billion and $420 billion to GDP in 2026


Full-potential scenario
$420 billion
Best-in-Canada scenario
$150 billion
An increase of ~6% in Canadian GDP could come from progress in three areas
~42% from sector mix and productivity
~42% from labour force participation
~16% from hours worked

SOURCE: McKinsey Global Institute analysis

[8] Bill Curry and Robert Fife, "Liberals to address women's concerns in first gender-based federal budget," *The Globe and Mail*, March 22, 2017.

[9] "Ontario Working to Close Gender Wage Gap," press release from Government of Ontario, November 24, 2016, htpps://news.ontario.ca/.

[10] Ibid. Advisory Council on Economic Growth, *The path to prosperity*, October 20, 2016.

[11] *SDG survey II*, United Nations Global Compact Network Canada, 2017.

The most important levers for economic growth are increasing female job growth in high-productivity sectors and raising women's participation in the labour force

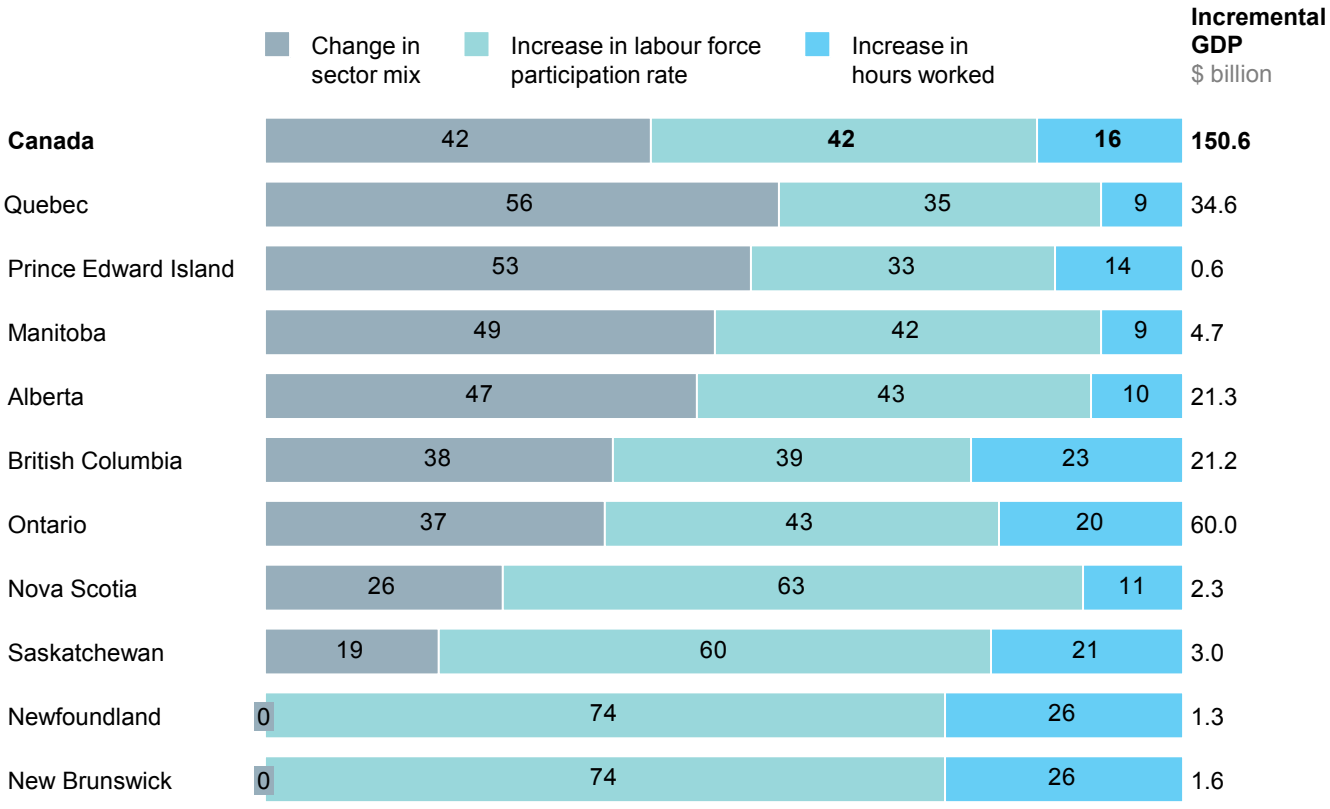
Increasing women's labour force participation rate and their presence in high-productivity sectors are far and away the most important of the three levers, each accounting for 42 percent of the total estimated $150 billion impact (Exhibit E2). According to Statistics Canada, Canadian women's labour force participation has been decreasing over the past decade, and it is projected to continue to fall unless demographic trends change. Over the same period, women's presence in high-productivity sectors has stagnated or grown slowly in all but three provinces. If Canada could encourage and enable the participation of women of prime working age (25 to 54) and increase the number of jobs for women in high-productivity sectors at the rate of the best-performing province, it could capture 84 percent or $125 billion of the $150 billion total impact.

Canada would need to create 600,000 additional jobs for women beyond the currently projected jobs growth to realize this opportunity. These positions would need to be concentrated in highly productive industries such as oil, mining, and technology, which currently employ more men than women. The jobs would also need to be in more specialized skilled service sectors.

Exhibit E2

Increasing women's sector mix and labour force participation are the largest drivers of increased GDP

Incremental 2026 GDP in best-in-Canada scenario vs. business-as-usual scenario
%


Change in sector mix
Increase in labour force participation rate
Increase in hours worked
Incremental GDP
$ billion
Canada 42 42 16 150.6
Quebec 56 35 9 34.6
Prince Edward Island 53 33 14 0.6
Manitoba 49 42 9 4.7
Alberta 47 43 10 21.3
British Columbia 38 39 23 21.2
Ontario 37 43 20 60.0
Nova Scotia 26 63 11 2.3
Saskatchewan 19 60 21 3.0
Newfoundland 0 74 26 1.3
New Brunswick 0 74 26 1.6

NOTE: Numbers may not sum due to rounding.

SOURCE: Statistics Canada; IHS Markit; McKinsey Global Growth Model; McKinsey Global Institute analysis

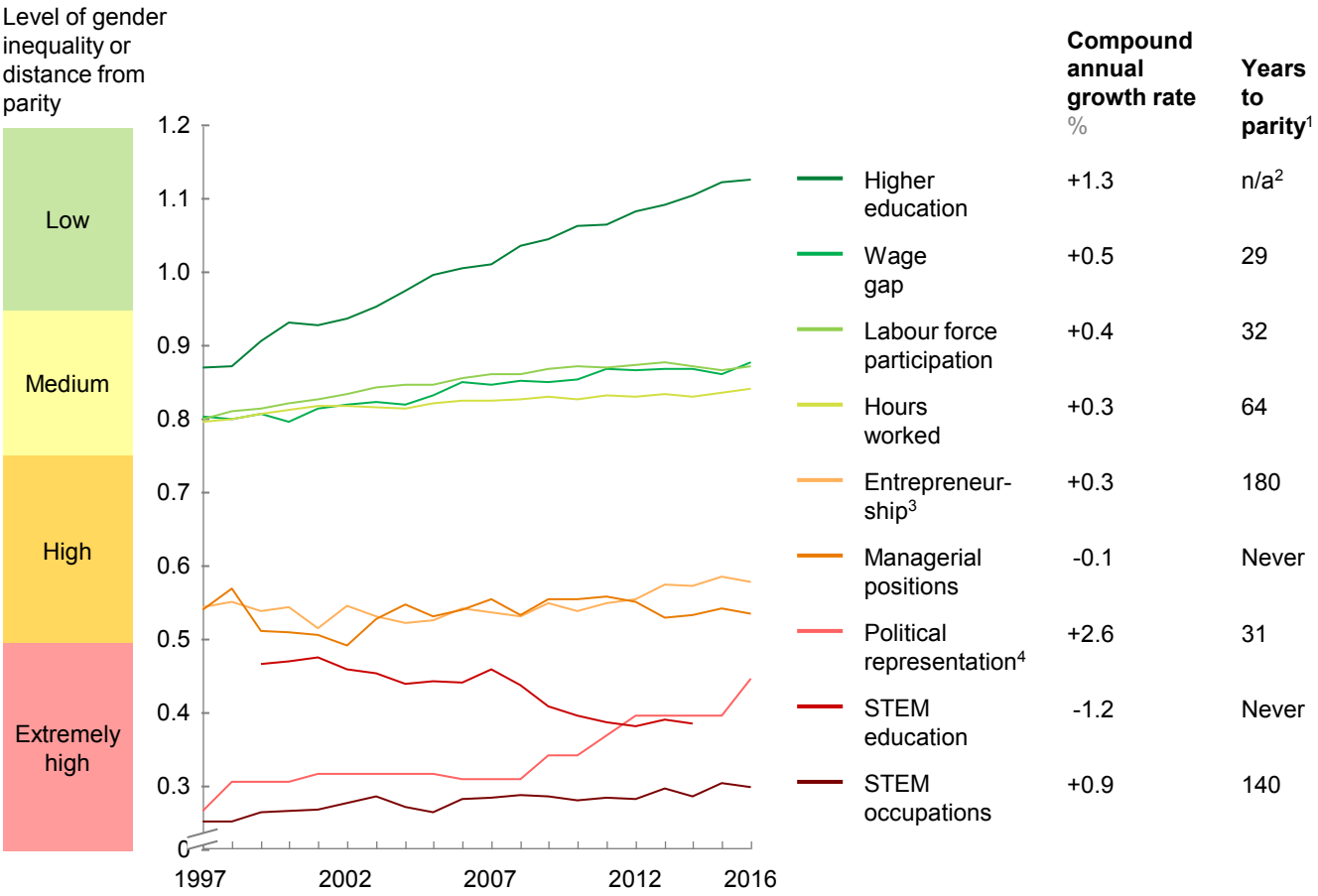
CANADA IS AMONG THE GLOBAL LEADERS ON GENDER EQUALITY, BUT ITS PROGRESS HAS STALLED OVER THE PAST 20 YEARS

Canada was one of the global leaders on gender equality in MGI's global research, ranking within the top ten on its GPS. Canada's strengths lie in the social sphere where it has largely closed gender gaps in areas such as access to health care, digital inclusion, and legal protection. However, further progress toward gender parity has stalled over the past two decades, notably on making women equal participants in work. For instance, women's representation in the labour force, in high-quality STEM occupations, in management, and among business owners has either improved minimally or not improved at all (Exhibit E3). At current rates, these gender gaps would take 30 to 180 years to close.

Exhibit E3

With the exception of political representation and higher education, progress toward gender parity has largely stalled in the past 20 years

Female-to-male ratio



1 At current compound annual growth rate.
2 Already at parity.
3 Different metric than that used in the indicator results in Exhibit 8. Here a female-to-male ratio of the number of self-employed persons are used, whereas indicator results use the number of small- or medium-sized, majority-owned enterprises.
4 Different from indicator results in Exhibit 8 as this only includes federal parliamentary positions and not provincial/territorial legislative positions.
NOTE: Maternal mortality, single parenthood, and teenage pregnancy are not included in the exhibit as they are measured as prevalence rates among women not as female-to-male ratios. Unpaid care work, financial literacy, and violence against women are also not included as consistent historical data was not available.

SOURCE: Statistics Canada; McKinsey Global Institute analysis

Focusing on seven significant gender gaps—across provinces, territories, and cities—could reenergize progress toward gender parity

Canada could reenergize its journey toward gender parity by focusing on its most significant gender gaps. We analyzed data on 15 indicators across four dimensions of gender equality in work and in society at the national, provincial, territorial, and municipal levels. Relative

to the ideal state of full gender equality, the analysis revealed significant inequality in seven areas: STEM occupations; managerial positions; entrepreneurship; unpaid care work; STEM education; single parenthood; and political representation (Exhibit E4).

Exhibit E4

Canada has high or extremely high inequality on seven out of fifteen indicators

Level of gender inequality or distance from parity

Low | Medium | High | Extremely high

Equality in work	**Gender equality in work**	**Labour force participation**	F/M ratio—employed or looking for work as % of gender aged 15+	0.87
		Hours worked	F/M ratio—average hours worked per week by employees of gender aged 15+	0.84
		Wage gap	F/M ratio—median hourly wage rate by occupation for full-time employees of gender aged 15+[1]	0.88
		STEM occupations	F/M ratio—employees in a STEM-related occupation by gender aged 15+[2]	0.30
		Managerial positions	F/M ratio—employees in a managerial occupation by gender aged 15+[3]	0.53
		Entrepreneur-ship	F/M ratio—small- and medium-sized enterprises majority owned by gender[4]	0.24
		Unpaid care work	M/F ratio—average hours spent on unpaid care work per week by gender[5]	0.56
Gender equality in society	**Essential services and enablers of economic opportunity**	**Higher education**	F/M ratio—individuals with a bachelor's degree or higher by gender	1.13
		STEM education	F/M ratio—individuals graduated from post-secondary STEM[6] education by gender	0.38
		Financial literacy	F/M ratio—average financial quiz score by gender[7]	0.94
		Teenage pregnancy	Prevalence rate—births per 1,000 women aged 15–19	11.01
		Maternal mortality	Prevalence rate—deaths caused by childbirth-related causes per 100,000 live births[8]	5.77
		Single parenthood	Prevalence rate—% of all families with children headed by single mothers	20%
	Legal protection and political voice	**Political representation**	F/M ratio—federal and provincial/territorial legislative seats by gender[9]	0.41
	Physical security and autonomy	**Violence against women**	Prevalence rate—% of women having self-reported being victims of violent crime[10]	4%

1 As defined by the National Occupational Classification (NOC).
2 Defined as occupations in the natural and applied sciences and related occupations category in the NOC, consistent with the definition used in research by Statistics Canada.
3 Defined as occupations in the management occupations category in the NOC.
4 Small- and medium-sized enterprises are defined as registered business establishments with between 1 and 499 employees, consistent with the definition from Industry Canada. For a business establishment to be included in the sample size, it must meet one of the following criteria: have at least one paid employee, with payroll deductions remitted to the Canada Revenue Agency (CRA), have annual sales revenues of $30,000, or be incorporated and have filed a federal corporate income tax return at least once in the previous three years. Excluded from the sample population are businesses in the following industrial sectors: public administration, including schools and hospitals; public utilities; and non-profit associations.
5 Unpaid care work is defined to consist of three components: hours spent doing unpaid housework, hours spent looking after children without pay, and hours spent providing unpaid care or assistance to seniors. Average hours are extrapolated from the number of people in each band of number of hours.
6 Defined as the physical and life sciences and technologies; mathematics, computer and information sciences; architecture, engineering and related technologies categories in the Classification of Instructional Programs, Primary Grouping (CIP PG).
7 As part of the Canadian Financial Capabilities Survey conducted by Statistics Canada.
8 Deaths from childbirth-related causes refer to those caused by pregnancy, childbirth, and the puerperium.
9 Federal seats refer to those in the Senate and the House of Commons. Provincial/territorial seats refer those in the provincial and territorial legislatures.
10 Violent crime includes sexual assault, robbery, and physical assault. Includes physical and sexual assault committed by current or former spouses or common-law partners. Data represent prevalence within a 12-month period.

SOURCE: Statistics Canada; Parliament of Canada; McKinsey Global Institute analysis

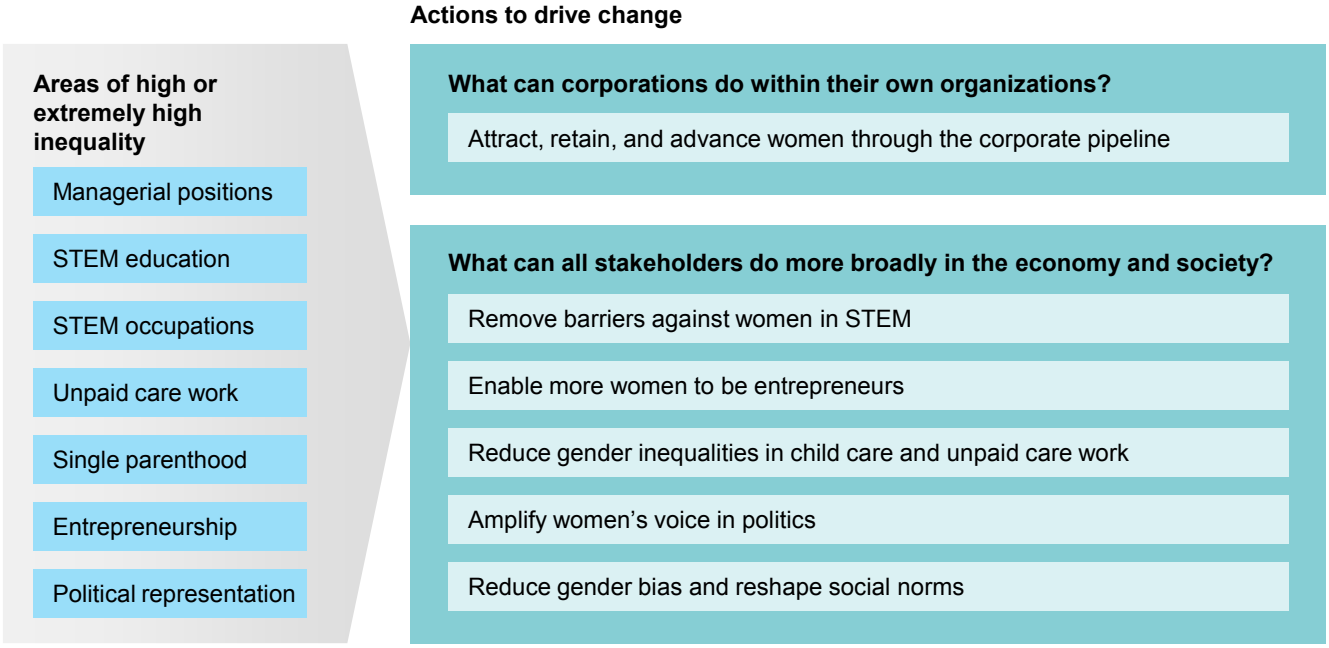
All provinces and major urban centres demonstrated high inequality in the same seven indicators. This homogeneity suggests that there are common areas to prioritize for action at the macro level for the nation and at the micro level for individual organizations. Exceptions to the relatively homogenous picture across the nation were ethno-cultural groups such as the Indigenous and immigrant population. These women are notably more disadvantaged than their non-Indigenous or non-immigrant counterparts, and these population groups may require targeted interventions to move forward.

CORPORATIONS AND OTHER STAKEHOLDERS NEED TO FOCUS CHANGE ON PRIORITY AREAS

To address Canada's seven areas of inequality and capture significant economic benefits, individual corporations need to improve gender diversity within their organizations. They could concentrate on attracting, retaining, and advancing women through the corporate pipeline. At the same time, all stakeholders need to initiate broad socioeconomic change to advance women in the economy and society in certain key areas: namely, removing barriers against women in STEM fields; enabling more women to be entrepreneurs; reducing gender inequalities in child care and unpaid care work; amplifying women's voice in politics; and reducing gender bias and reshaping social gender norms (Exhibit E5).

Exhibit E5

Advancing women's equality in Canada calls for actions to be taken within corporations and in the economy and society at large


Actions to drive change
Areas of high or extremely high inequality
Managerial positions
STEM education
STEM occupations
Unpaid care work
Single parenthood
Entrepreneurship
Political representation
What can corporations do within their own organizations?
Attract, retain, and advance women through the corporate pipeline
What can all stakeholders do more broadly in the economy and society?
Remove barriers against women in STEM
Enable more women to be entrepreneurs
Reduce gender inequalities in child care and unpaid care work
Amplify women's voice in politics
Reduce gender bias and reshape social norms

SOURCE: McKinsey Global Institute analysis

In corporations, women are not rising to leadership roles despite the fact that there is abundant female talent

Although 53 percent of the degree holders in Canada are female, women are a minority of corporate leaders.[12] A McKinsey pipeline survey of 69 Canadian companies with 470,000 employees found that women make up approximately 45 percent of all entry-level employees but only 25 percent of vice presidents and 15 percent of CEOs (Exhibit E6).[13]

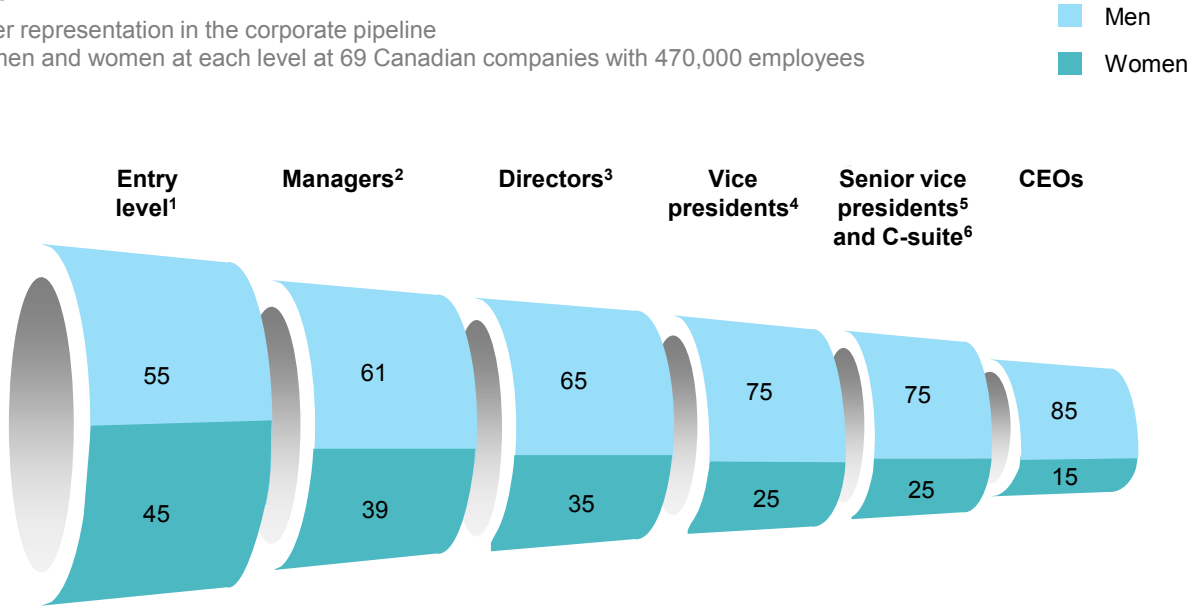
[12] *Labour force survey estimates (LFS), by educational attainment, sex and age group, annual*, Statistics Canada, CANSIM table 282-0004, 2016.

[13] The sample of 69 companies includes private ones. Because "comply or explain" focuses on public companies, its results show a smaller percentage of women at the executive level (15 percent in 2016).

Exhibit E6

Women are underrepresented at every level of the corporate pipeline, and their presence dwindles as they rise through the ranks

Gender representation in the corporate pipeline
% of men and women at each level at 69 Canadian companies with 470,000 employees



1 Entry level: Employees who carry out discrete tasks and participate on teams, typically in an office or corporate setting.
2 Managers: Employees who have management responsibility over a store or team.
3 Directors: Seasoned managers with responsibility for multiple teams and discrete functions or operating units.
4 Vice presidents: Leaders of the organization who report directly to senior vice president.
5 Senior vice presidents: Senior leaders of the organization with significant business unit or functional oversight.
6 C-suite: Direct reports to the CEO, or those responsible for company operations and profitability.
NOTE: These numbers are based on a sample of 69 companies, including private ones. The public disclosure under "comply or explain" shows a smaller percentage of women at the C-suite executive level (15% in 2016).

SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

At almost every stage of the pipeline, women's likelihood of being promoted to the next level is smaller than that of men's. A clear bottleneck for female advancement appears to occur between the director and vice president levels, where men are three times more likely to advance than women. The data suggest that the loss of female talent at that stage is not due to higher female attrition; in fact, women leave at a lower rate than their male counterparts. Nor does lack of ambition among women explain the bottleneck; men and women aspire to promotions at a similar rate at all levels from the entry level to the vice president level.

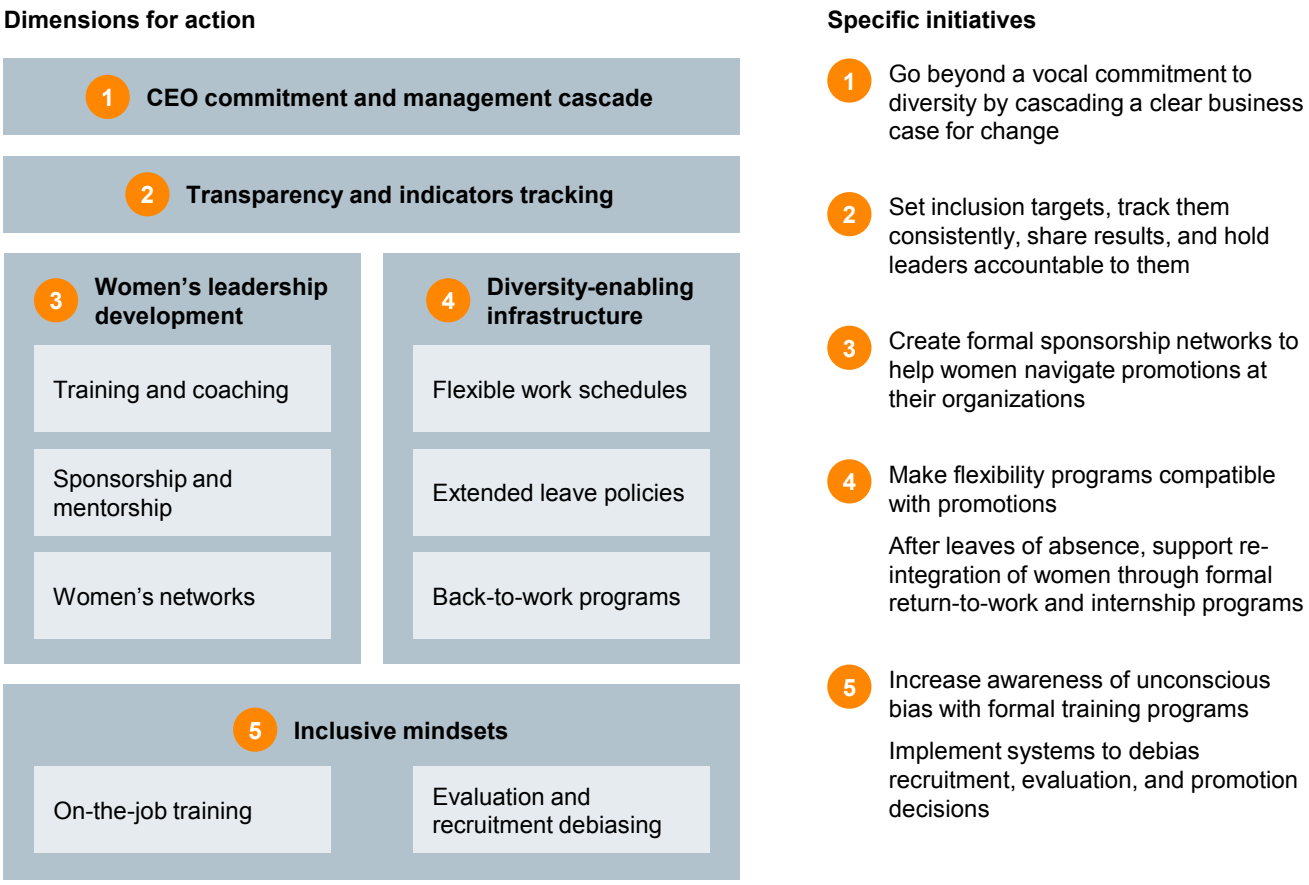
However, the data suggest that women do not have the same opportunities available to them as men. Women predominantly occupy staff positions that provide fewer paths to leadership. They are also half as likely as men to have had a senior leader support their promotion. To create opportunities for women to advance in their careers and ascend to leadership ranks, it is important for companies to support women's ambitions and for women to commit to the sectors and roles that create paths to leadership.

Improving gender diversity in corporations requires the effective implementation of a holistic change program

McKinsey's Women Matter research has shown that certain tried and tested initiatives set best-in-class companies apart from the rest. Above all, the research shows that there is no single solution. Instead, the interventions are successful when they are adapted to address each company's unique pain points and implemented together to create an ecosystem of change over time. Best-in-class initiatives fall within five dimensions (Exhibit E7). We surveyed 68 Canadian companies about their current human resources practices on these five dimensions, and we are proposing pragmatic solutions for increasing women's representation throughout the corporate pipeline based on these data.

Exhibit E7

The ecosystem that has been empirically shown to improve diversity comprises five dimensions for action


Dimensions for action
1 CEO commitment and management cascade
2 Transparency and indicators tracking
3 Women's leadership development
Training and coaching
Sponsorship and mentorship
Women's networks
4 Diversity-enabling infrastructure
Flexible work schedules
Extended leave policies
Back-to-work programs
5 Inclusive mindsets
On-the-job training
Evaluation and recruitment debiasing
Specific initiatives
1 Go beyond a vocal commitment to diversity by cascading a clear business case for change
2 Set inclusion targets, track them consistently, share results, and hold leaders accountable to them
3 Create formal sponsorship networks to help women navigate promotions at their organizations
4 Make flexibility programs compatible with promotions
After leaves of absence, support re-integration of women through formal return-to-work and internship programs
5 Increase awareness of unconscious bias with formal training programs
Implement systems to debias recruitment, evaluation, and promotion decisions

SOURCE: Women Matter 2016; McKinsey Global Institute analysis

1. **Go beyond a vocal commitment to diversity by cascading a clear business case for change.** More than 50 percent of companies surveyed placed gender diversity among their top ten strategic priorities. However, only 14 percent of them have a change story that clearly articulates a business case for change and a path forward. As a result, their lower-tenure employees believe gender equality is a social cause with little link to business performance.

2. **Set inclusion targets, track performance, share results, and hold leaders accountable.** Half of surveyed companies analyze employee attrition by gender, and 25 percent of them track job applications and offers by gender. But a minority take corrective action when faced with low diversity. For instance, 55 percent have not set targets for female inclusion and 75 percent do not reward leaders for fostering gender diversity within the company.

3. **Create formal sponsorship networks to help women navigate promotions at their organizations**. Roughly half of the companies surveyed offer leadership training, but only 22 percent have a formal sponsorship program, none of which is tailored to women. Employees rank sponsorship by a senior leader and political savviness at the top of the list of criteria for advancement. Women appear to struggle in these areas. Organizations need to create programs that give women access to sponsors who can advocate for them and ensure access to leadership networks, stretch opportunities, and promotions.

4. **Build a flexible work infrastructure that supports both women and men.** Women take on most of the unpaid care work at home. As a result, the "double burden" of balancing work and home duties, coupled with companies' "anytime" performance model that requires unfailing availability and long hours of work, is cited as one of the top three reasons women don't join, stay, and advance in the workplace. In response to this issue, a majority of Canadian companies offer flexibility programs to their employees. More than 70 percent of companies in our sample provide personal leaves of absence, and 47 percent offer part-time or reduced schedule options. However, 58 percent of employees believe that taking advantage of a flexible program hinders their career progression. Women take advantage of these programs at a much higher rate than men and are therefore more adversely affected. For flexibility programs to support women's advancement, companies need to make using these programs compatible with promotion. Addressing the unconscious bias behind using these programs will be key to ensure sufficient uptake. The reintegration infrastructure that supports employees' return to work after extended leave can also be improved. Of the surveyed companies, 41 percent have a program in place, but women with children continue to lag men in leadership roles, despite their aspirations for promotions.

5. **Identify and address unconscious bias to create a culture that supports gender diversity.** More than 80 percent of employees surveyed believe their workplace is inclusive. However, when asked specifically about the role gender has played in their career advancement, 35 percent of women believe their gender had a role in their missing out on a raise, a promotion, or a chance to get ahead, compared with 15 percent of men. To ensure equal opportunities for advancement, men and women need to first understand and acknowledge their unconscious biases and the underlying mindsets behind these behaviours and attitudes. Companies can build awareness with formal training. Google's bias-busting initiatives, which include workshops and hands-on sessions, encourage people to recognize and speak out about biases. Organizations can also institute formal systems that prevent biases from affecting hiring and promotion decisions. Less than half of the companies surveyed have structures that address unconscious bias in evaluation and recruiting. Blind résumé screening and formatted interviews can support gender diversity in the recruitment process, while evaluating performance against a diverse set of leadership styles can help promote more women leaders, who tend to have different competencies.

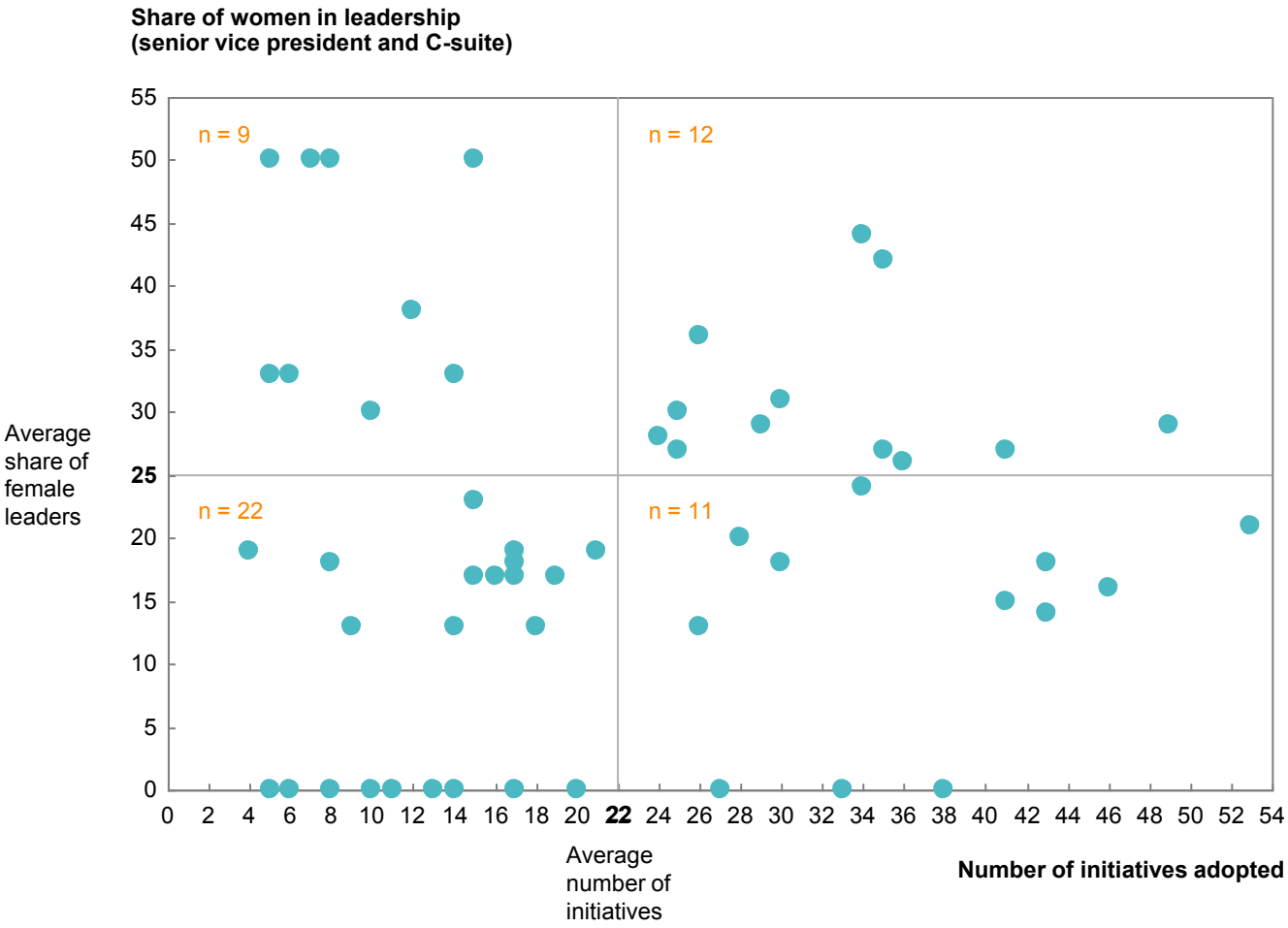
The keys to successful implementation are quality and persistence

Although several of the companies surveyed have launched many of the programs, policies, and processes that we have listed, what appears to have the most impact on outcomes is not the number of initiatives (Exhibit E8). Rather, companies need to ensure high-quality implementation on those initiatives they undertake if they want to create more opportunities for female leaders. They need to engage in initiatives across all five dimensions and remain committed to them for more than five years.

Exhibit E8

The number of initiatives implemented does not seem to predict gender diversity within leadership ranks

Number of initiatives in place, relative to the share of women at senior levels
Number of respondents = 54[1]



1 Total respondents is 54 because some companies did not provide data on share of women in leadership.

SOURCE: McKinsey & Company "HR Survey Canada, 2017," 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

In society, building long-term sustainable change calls for all stakeholders to undertake a portfolio of initiatives in each of the five priority action areas

Corporations that focus on building their female talent pipeline are important but will not be enough to capture Canada's full economic and social potential in advancing women's equality. Many other stakeholders, including government, not-for-profit organizations, educational institutions, media, and individuals, all need to take an active role in changing the environment outside the workplace and enabling women to succeed. A few key initiatives within each of the five prioritized areas for action—many of which are inspired by successful practices in leading European countries—can achieve meaningful progress toward gender equality for Canada (Exhibit E9).

Exhibit E9

Stakeholders will need to take action in five priority areas, each of which will involve a few key initiatives

Prioritized areas	Potential initiatives	Primary stakeholders: Government	Corporations	Other[1]
Remove barriers against women in STEM fields	▪ Post-secondary institutions could consider developing and implementing holistic strategies to attract and retain female students in STEM			●
	▪ Federal and provincial governing and funding bodies could implement voluntary equality and diversity accreditation programs for post-secondary institutions	●		
	▪ Corporations could participate in or lead women-in-STEM initiatives and campaigns that lead to positive change in society		●	
Enable more women to be entrepreneurs	▪ Financial institutions could proactively identify and reach out to female entrepreneurs on their capital needs		●	
	▪ Government could create a matching fund targeted at helping scale high-potential women-led businesses in the early and expansion stages	●		
	▪ The private sector could create a growth fund targeted at providing funding to female-led businesses during the later growth stage		●	
	▪ Government could develop a national association that focuses on skill-building, mentoring, and networking opportunities for female entrepreneurs	●		
	▪ Leading Canadian incubators and accelerators could adopt a targeted approach to attract female entrepreneur applicants			●
Reduce gender inequalities in child care and unpaid care work	▪ Government could adopt parental leave policies that target men	●		
	▪ Government could leverage the learnings from the child-care programs in Quebec and other leading countries when building the National Framework on Early Learning and Child Care	●		
	▪ Corporations could collectively invest in accessible, affordable, and high-quality child care for their employees and the broader community		●	
	▪ Government could further invest in and develop new elder-care policies that improve access to elder-care support	●		
Amplify women's voice in politics	▪ Parents and teachers, along with others, could discuss potential careers in politics with young women			●
	▪ Higher education institutions could create programs to encourage women to engage in political activities and prepare them for political campaigns			●
	▪ Political parties could actively recruit and nominate women in key ridings			●
	▪ Media could publicize statistics and stories about female role models in politics			●
	▪ Governments could create a culture of inclusivity in politics by implementing measures that range from addressing work-life balance to fostering a climate of safety	●		
Reduce gender bias and reshape social norms	▪ Parents, teachers, and not-for-profit organizations could provide programs and campaigns that help young girls and boys address gender attitudes/biases			●
	▪ Media can increase women's visibility and eliminate bias in their portrayals of women and girls			●
	▪ Corporations could undertake public relations and advertising efforts that challenge gender bias		●	

1 Not-for-profit organizations, education institutions, incubators and accelerators, political parties, media, and individuals.

SOURCE: McKinsey Global Institute analysis

Canada has a lot to gain from improving gender equality and maintaining its position among the global leaders. Beyond promoting social fairness, Canada could add $150 billion to its economy in 2026, and all provinces and the corporations within them have the opportunity to reap the benefits. To realize the growth, a focus should be placed on increasing labour force participation and pointing women toward jobs in high-productivity sections. Corporations, governments, non-profits, educational institutions, and individuals all have a role to play in achieving this. Together, they will need to break down the economic and social barriers that prevent women from participating fully in STEM fields, entrepreneurship, and politics. They will also have to rebalance the burden of unpaid care work across genders, and combat the deep-seated biases that inform attitudes about women. Corporations have the added responsibility of attracting, retaining, and promoting the best female talent throughout their leadership ranks. By committing to change, setting targets, and tackling inequality holistically, Canada could reenergize its economy while becoming a world leader in gender equality.

© Getty Images

1. SIZING THE ECONOMIC OPPORTUNITY

Reducing gender inequality is a moral, social, and economic imperative. Social and economic gender inequality are inextricably linked. No country today achieves high levels of social gender equality while retaining low economic gender inequality. For Canada to improve the status of women, it needs to reduce gender inequality in the economy.

A 2015 MGI report analyzed gender parity indicators—such as labour force participation, political representation, educational attainment, and violence against women—and found a high correlation between social and economic gender inequality.[14] That research found that the world could add US $12 trillion in incremental GDP in 2025 if every country were to match the progress toward gender parity of the best-performing country in each region. We have used the same approach to explore gender inequality in Canada and estimate the economic opportunity from progress toward gender parity. We estimate that if the whole of Canada were to match progress in reducing gender inequality achieved by the best-performing province, the nation could add an incremental $150 billion to 2026 GDP as currently forecast.

This opportunity rests on reducing gender inequality in three key aspects of work—labour force participation, the number of part-time and full-time hours worked, and the productivity of those working hours. In this chapter, we look at each of the three by province, highlighting areas that have the greatest potential for progress toward reduced gender inequality. Understanding that changes in the economic activity of women will lead to social changes, we adopt a holistic view, assessing how these proposed changes might affect the makeup of social groups and dynamics, and suggesting possible interventions that could ease the transition in the short and longer term.

GENDER INEQUALITY PERSISTS IN THREE KEY ASPECTS OF WORK

Today, Canadian women account for 51 percent of the country's working-age population and hold 56 percent of all advanced degrees, but they make up just 47 percent of the labour force and contribute 41 percent of total GDP. Their contribution to GDP is higher than the global average female contribution of 37 percent. Nevertheless, their contribution is below that of women in certain European countries like France at 43 percent and Portugal at 47 percent. It is disappointing that Canada's female contribution to GDP is not higher, given the considerable advances in women's educational attainment, and that there has been no improvement over the past decade. Gender inequality in all three aspects of work persists in Canada. Women participate less than men in the workforce, work fewer hours on average, and are active in sectors of the economy that have lower productivity or lower output per worker.

Canada's female labour force participation rate has declined in the past ten years, from 61.9 percent in 2006 to 61.3 percent in 2016. This reflects falling participation by both men and women, a trend observed across developed countries whose populations are aging and where younger people are delaying their entry into the workforce. Statistics Canada and Employment and Social Development Canada expect this trend to continue through the next decade.[15]

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[14] *The power of parity: How advancing women's equality can add $12 trillion to global growth*, McKinsey Global Institute, September 2015.

[15] *Canadian Economic Observer*, Statistics Canada, June 22, 2012; *Labour Force Projection Data*, Canadian Occupational Projection System (COPS), 2015.

Women also tend to work fewer hours than men do. According to the Labour Force Survey in 2016, Canadian women worked an average of 32.8 hours per week, compared with men's 38.5 hours per week and the 39 hours a week worked by women in the United States. This lower tally is due partly to the fact that more women than men work part time—women accounted for 66 percent of all part-time workers in Canada in 2016. However, even among full-time workers, women worked two hours fewer each week, on average, than men.[16]

Women also tend to work in less productive sectors, where economic output per worker is lower. For instance, women make up 82 percent of workers in the health care and social assistance sector where average output per employee is $50,000. They account for 67 percent of jobs in the education sector that has an average output per employee of $70,000. In contrast, only one in five employees is a woman in goods-producing sectors such as agriculture, forestry, and oil and gas with an average output per employee of $250,000, and in utilities with an average output per employee of $270,000.[17] The fact that women gravitate toward traditionally female-dominated sectors such as nursing or teaching where productivity tends to be lower is not limiting in itself. However, the underrepresentation of women in high-productivity sectors could point to barriers to entry that prevent women who would like to work in these sectors from doing so.

REDUCING GENDER INEQUALITY IN CANADA COULD ADD $150 BILLION TO GDP IN 2026, A 6 PERCENT INCREASE ON THE BUSINESS-AS-USUAL SCENARIO

To estimate the impact of narrowing the gender gap in Canada, we modeled three scenarios of future GDP.[18] Each model estimates the future level of female labour force participation, hours worked, and the sector mix of employment (Box 1, "Methodology for sizing the economic potential").

1. **Business-as-usual scenario**. This scenario projects the female labour force participation rate, hours worked, and sector mix to 2026 assuming they continue on their historical trajectory of the past ten years. We tested against external forecasts to assess reliability and found that they were consistent. In this scenario, women would continue to be less present in the economy than men. Their participation in the labour force would stagnate as older generations retire and younger women choose to participate less than their parents might once have done. Women would also continue to be employed in more part-time positions than men and work disproportionately in service-based sectors. As a result, women's contribution to GDP in this scenario would continue to be less than that of men at 41 percent of GDP in 2026.

2. **Full-potential scenario**. This scenario makes an aggressive assumption that women participate at exactly the same rate as men, work the same number of hours per week, occupy more full-time roles, and join goods-based sectors and professional occupations such as law and finance in greater numbers so that the mix of sectors in which they work is identical to that of men. In this scenario, women could add $420 billion of additional GDP by 2026, or 18 percent more than in the business-as-usual scenario. This scenario assumes that the barriers holding back women's equal participation in the economy are fully addressed over the next decade, and it also assumes that all women choose to participate in paid work.

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[16] *Labour force survey estimates (LFS) by total and average usual and actual hours worked, main or all jobs, type of work, sex and age group*, Statistics Canada CANSIM Table 282-0028, January 6, 2017.

[17] Labour force survey estimates (LFS), employment by class of worker, North American Industry Classification System (NAICS) and sex, Statistics Canada CANSIM Table 282-0012, January 6, 2017.

[18] Our final output is expressed as gross value added (GVA) because Canadian GDP forecasts are not available at the provincial and sectoral levels. GVA is a measure of the value of goods and services produced in an area, industry, or sector of the economy. GVA plus taxes on products and services minus subsidies on products and services equals GDP. Historically, GVA and GDP in Canada have been almost equal, and we therefore assume that GVA figures are a reasonable proxy for GDP.

Box 1. Methodology for sizing the economic potential

Several studies have estimated the potential economic value that could be created by enhancing the role of women in the workforce. The majority has analyzed the impact of bridging the full labour force participation gap between men and women, finding that this could boost GDP between 5 and 20 percent for most countries.

McKinsey's calculation is a supply-side estimate of the amount of GDP made available by closing the gender gap in employment. It assesses all provinces to build a supply-side model that helps us understand the economic impact of gender parity, taking into account the labour force participation rate by gender and age cohorts within each region; the prevalence of part-time vs. full-time work among men and women; and employment patterns for men and women across sectors of the economy. We acknowledge that this supply-side approach should be accompanied by demand-side policies that create jobs to absorb additional female workers. As well, education and vocational training systems will need to keep pace with rapid technological changes that are altering the nature of work and creating new types of jobs.

We assume the same level of labour productivity for men and women within each subsector—that is, we do not account for productivity differences due to the roles men and women play within companies, the size of firms that employ men and women, and so on. Our approach is primarily an estimate of the size of the impact of bridging the gap in labour markets. It does not take into account other economic implications of bridging this gap such as the impact from increased diversity in entrepreneurship, intergenerational benefits, costs related to women working longer hours, or shifts in consumption by women due to higher wages. Nor does it account for any negative impact on the male labour force participation due to women's increased participation. If men were to cut back the time they spend in paid work to share unpaid care work more equally, this could reduce GDP, but we do not factor this into our estimates. Our approach is consistent with data from the United States that suggest men have more leisure time than women, and that historically the male labour force participation rate has not declined significantly when that of women has increased.[1]

Finally, we do not account for the value of unpaid work in our 2016 estimates of women's contribution to GDP or in our scenarios. Although the value of unpaid work affects total economic activity, it is not captured in GDP. Similarly, the value of leisure affects total welfare but is not captured in GDP. Given data limitations, it is difficult to quantify the mechanisms through which increased women's labour force participation becomes possible: reduced leisure time, fewer hours in unpaid work, redistribution of unpaid care work, and the marketization of that work. However, if women were to be freed from some of the time they spend engaged in unpaid care work, they would have the opportunity to use and improve their skills and pursue higher-paid professions, which would boost GDP. We therefore estimate the economic impact only in GDP terms, while acknowledging that this lens does not measure total welfare and total economic activity. Nevertheless, we believe that the impact of unpaid work on economic activity and welfare warrants further study.

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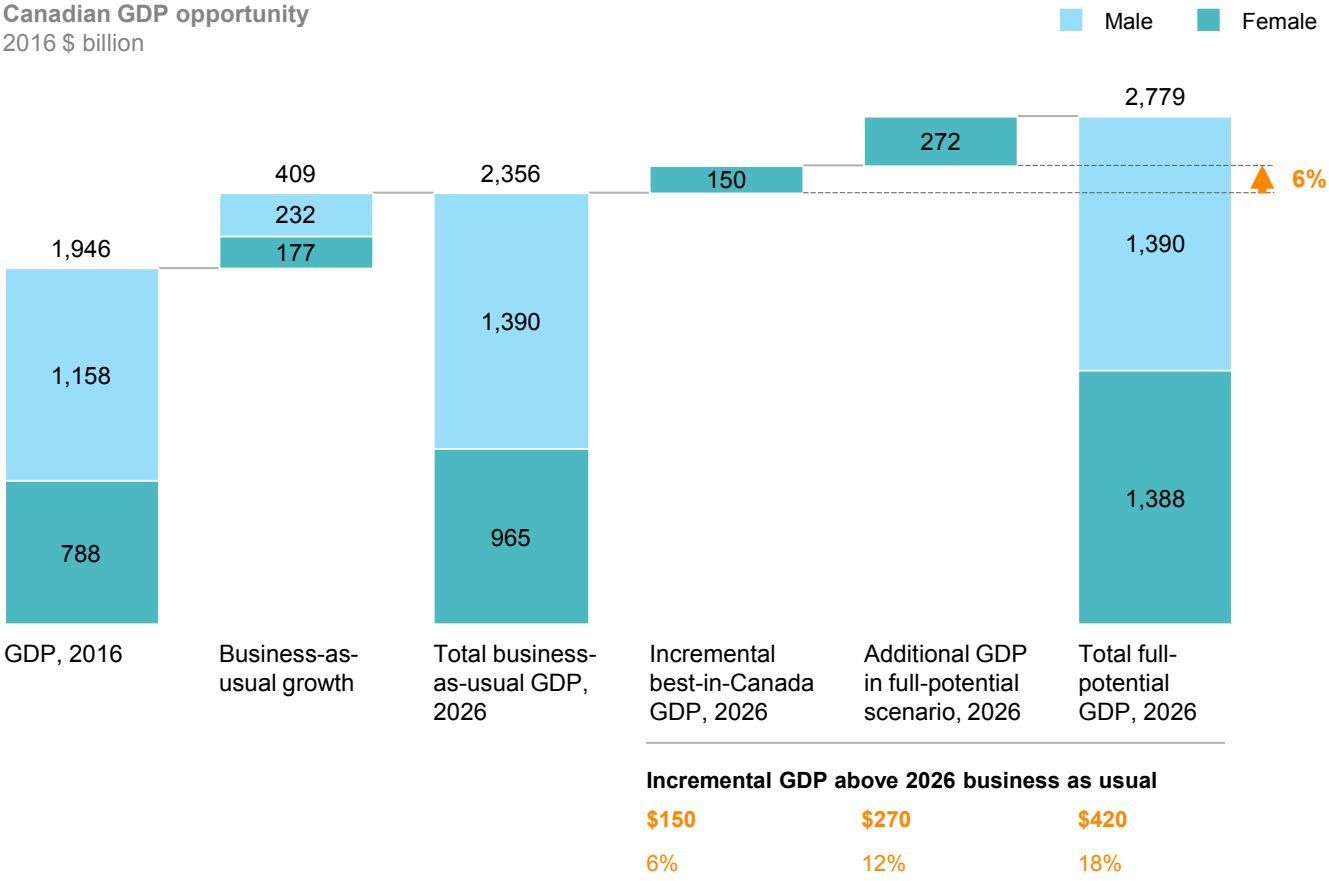
[1] Suzanne M. Bianchi et al., "Housework: Who did, does or will do it, and how much does it matter?" *Social Forces*, volume 91, number 1, September 1, 2012; The American Time Use Survey 2014, Bureau of Labor Statistics, 2014, www.bls.gov/tus/. This defines leisure as the following activities: "socializing, relaxing, and leisure," "sports, exercise, and recreation," "religious and spiritual activities," and "volunteer activities."

3. **Best-in-Canada scenario**. This scenario makes a less aggressive but more realistic assumption that women in all provinces achieve the highest observed rate of change recorded over the past decade in female labour force participation, hours worked, and sector mix. This scenario is based on changes that have been realized somewhere within Canada. In this scenario, women could add up to $150 billion of GDP more than in a business-as-usual scenario in 2026. This would be equivalent to increasing GDP growth by 0.6 percent per year or roughly doubling the current size of Canada's finance and insurance sector (Exhibit 1).

Exhibit 1

Closing the Canadian gender gap could deliver $150 billion to $420 billion of additional GDP in 2026



NOTE: Numbers may not sum due to rounding.

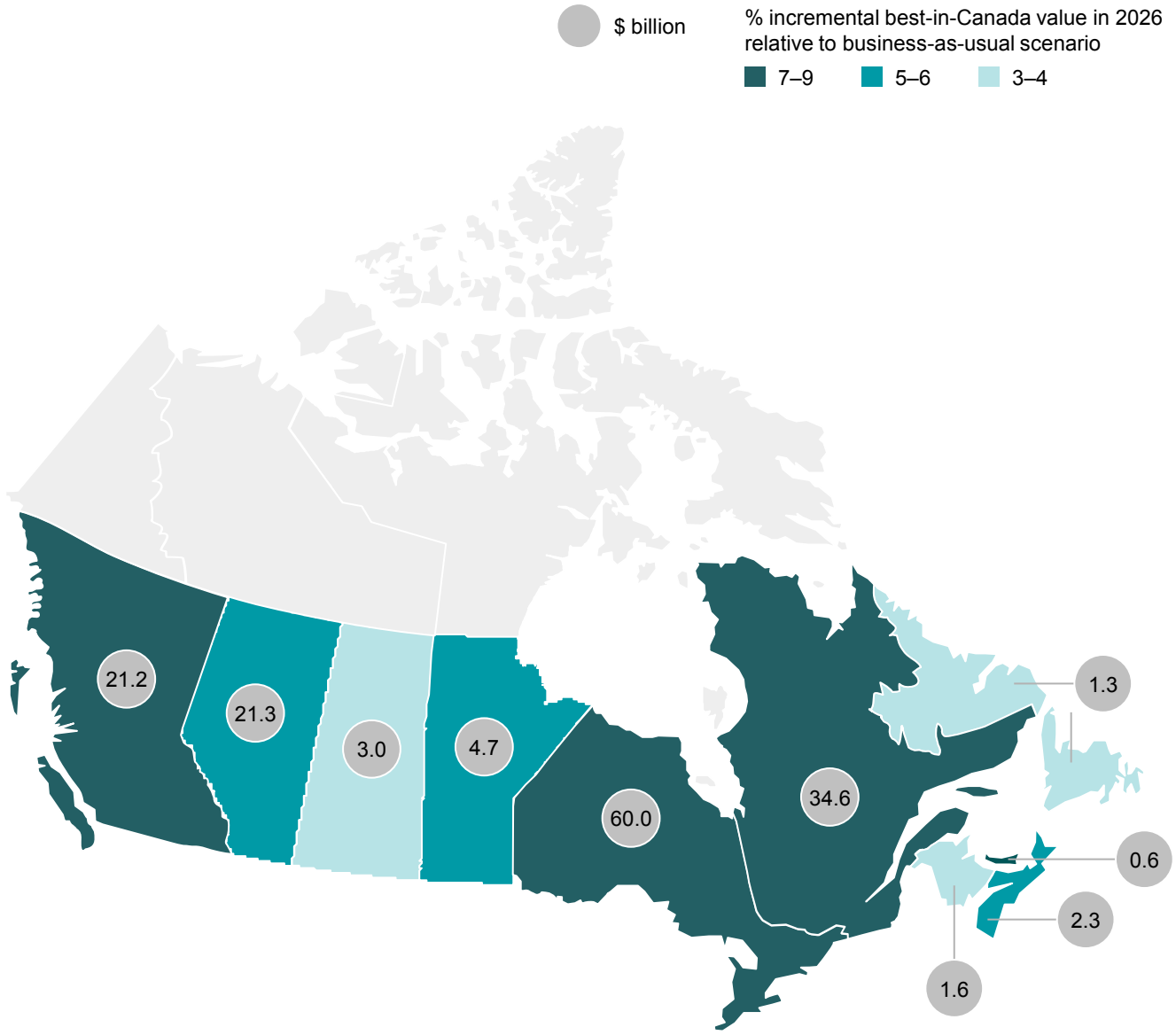
SOURCE: Statistics Canada; Canadian Labour Force Survey; IHS Markit; McKinsey Global Institute analysis

Every province in Canada could add 4 to 9 percent to its forecast 2026 GDP

Every province in Canada has the potential to add between 4 and 9 percent to forecast business-as-usual GDP in 2026. The highest potential is in Prince Edward Island, Quebec, Ontario, and British Columbia. In absolute terms, Canada's largest province Ontario could add approximately $60 billion to its GDP, capturing over one-third of the total impact across the country (Exhibit 2).

Exhibit 2

All provinces could add between 4 and 9 percent to GDP by increasing women's labour force participation, hours worked, and relative productivity



SOURCE: Statistics Canada; Canadian Labour Force Survey; IHS Markit; McKinsey Global Institute analysis

To determine the GDP potential for each province, we looked at which of them had achieved the largest improvement on each of the three key aspects of work over the past ten years, and took those provinces as the reference in our best-in-Canada scenario. Quebec is the leader today on labour force participation, but we did not use Quebec as the reference province because it has not had the greatest improvement on this measure. Instead, we chose Nova Scotia, where women's labour force participation has grown faster than that of men, as the benchmark. As a result, provinces with high levels of equality today could also have higher-than-average potential. Moreover, we based absolute potential on population size, and therefore larger provinces have more to gain.

Our analysis finds that it is not the structure of each province's economy that determines the state of gender inequality and the potential that could be realized from moving toward parity. Rather, we find that formal policies that enable higher labour force participation and more hours worked, such as universal child-care programs and quotas for women to sit

on the boards of Crown corporations, are the stronger determinants of economic gender inequality. Overall, women are willing to work; it is the barriers to them doing so that matter rather than the profile of provincial economies.

Around 30 percent of Canadian GDP comes from goods-producing sectors (for instance, agriculture, mining, oil and gas, and manufacturing) and about 70 percent of GDP from service-based sectors (such as finance, trade, health, and education). Individual provinces tend to specialize in certain industries. Provinces that rely more heavily on natural resources (such as Alberta, Newfoundland, and Saskatchewan) have almost identical female labour force participation rates and average hours worked as service-based economies (such as British Columbia, New Brunswick, Nova Scotia, Ontario, and Prince Edward Island) where 20 percent of GDP comes from finance and insurance. The leader on participation rate and hours worked across age bands is Quebec whose economy is balanced across industries.

However, there is a larger disparity in the relative productivity of men and women among provinces, which suggests that even if there is an abundance of paid work in certain industries, women have more limited access to jobs in fields that have greater economic value per employee. This could help explain the consistently low 41 percent average share of female contribution to GDP. New Brunswick, Nova Scotia, and Prince Edward Island are the provinces that have the smallest difference between men and women in productivity—in these provinces, men and women have almost equal likelihood of entering a given field. Differences in gender productivity are larger in provinces with a higher share of goods-producing sectors. This strengthens the hypothesis that economic gender equality is less about availability of employment and more about access to that employment.

MOST OF THE POSITIVE IMPACT ON GDP WOULD COME FROM HIGHER PARTICIPATION AND PRODUCTIVITY AMONG WOMEN

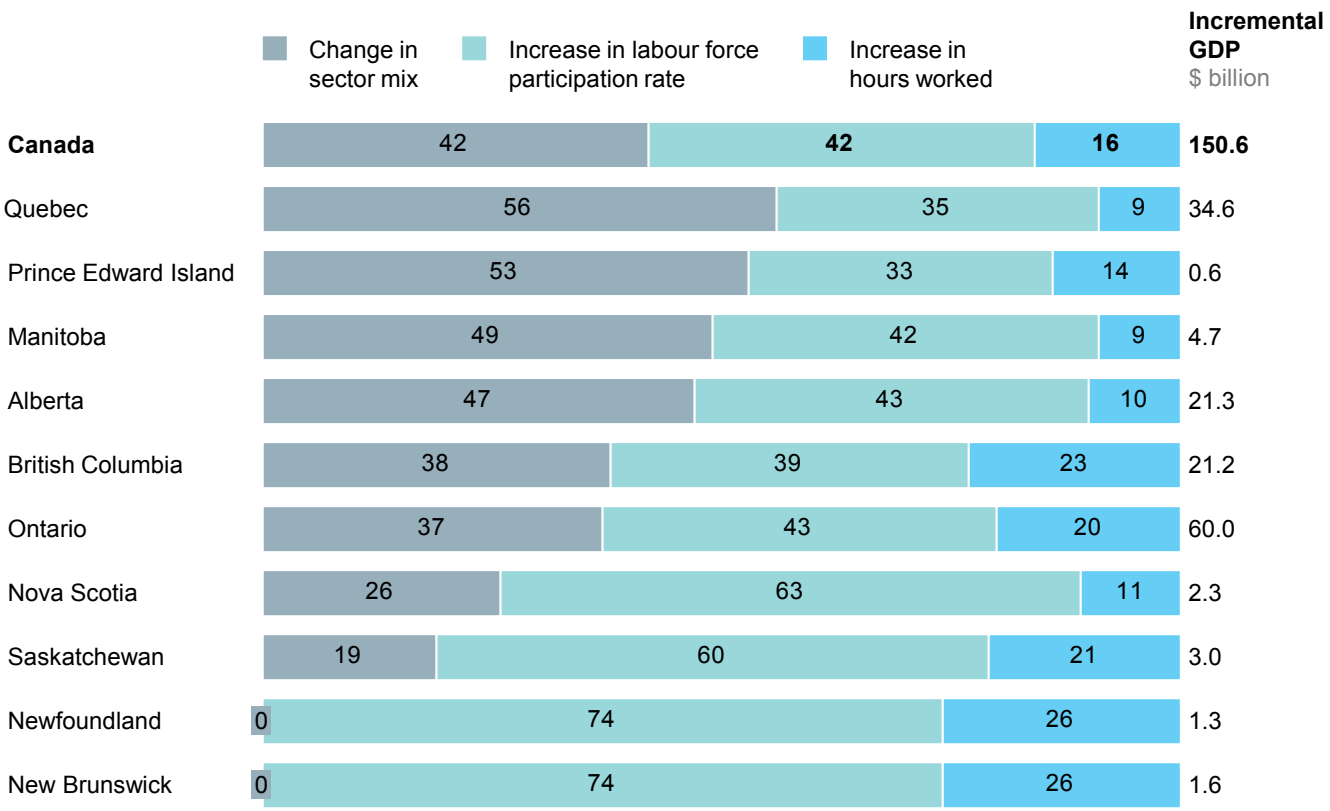
In the best-in-Canada scenario, 42 percent of the $150 billion impact is attained by increasing women's productivity relative to that of men, 42 percent by higher female labour force participation, and 16 percent from women working an additional ten minutes a day. The changes in relative productivity could be accomplished by making fields dominated by women more productive or by encouraging women to enter more productive fields.

The potential impact of each lever varies by province. Provinces that have achieved significant growth in female participation, hours worked by women, and relative female productivity will tend to have less dramatic gains as their trajectories will remain similar. Conversely, provinces that have shown little to no progress on the three aspects of work have the highest relative potential (Exhibit 3).

Exhibit 3

Increasing women's sector mix and labour force participation are the largest drivers of increased GDP

Incremental 2026 GDP in best-in-Canada scenario vs. business-as-usual scenario
%


Change in sector mix
Increase in labour force participation rate
Increase in hours worked
Incremental GDP
$ billion
Canada 42 42 16 150.6
Quebec 56 35 9 34.6
Prince Edward Island 53 33 14 0.6
Manitoba 49 42 9 4.7
Alberta 47 43 10 21.3
British Columbia 38 39 23 21.2
Ontario 37 43 20 60.0
Nova Scotia 26 63 11 2.3
Saskatchewan 19 60 21 3.0
Newfoundland 0 74 26 1.3
New Brunswick 0 74 26 1.6

NOTE: Numbers may not sum due to rounding.

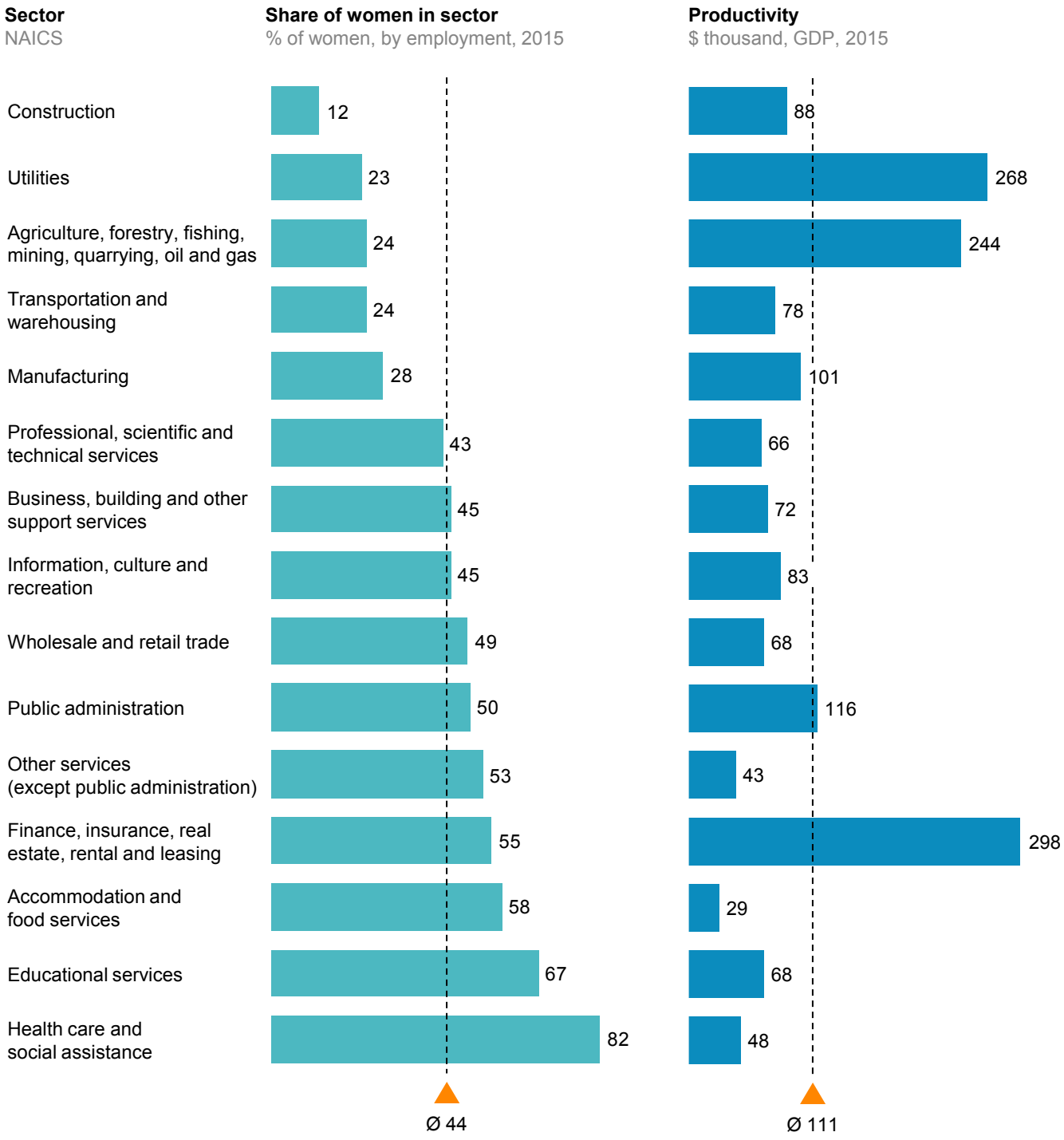
SOURCE: Statistics Canada; IHS Markit; McKinsey Global Growth Model; McKinsey Global Institute analysis

Increasing relative productivity would have the biggest impact in larger provinces

If Canada could encourage and enable the participation of women of prime working age (25 to 54) and increase the number of jobs for women in high-productivity sectors at the rate of the best-performing province, it could capture 84 percent or $125 billion of the $150 billion total impact. Increasing relative productivity is an important lever for capturing the full economic potential of women. Canada has vast natural resources and extremely high productivity in goods-producing sectors such as agriculture, oil and gas, and utilities. Average labour productivity in these sectors can be two to three times higher than overall average productivity. However, only one-quarter of employees in these sectors are female. Conversely, the majority of jobs in education, health care, and trade are performed by women—and these are three of Canada's lowest productivity sectors (Exhibit 4). Canadian women could increase their relative productivity by joining highly productive sectors at similar rates as men. Today, two out of every ten women are employed in the health-care sector. As an illustration of the potential impact of women working in more productive sectors, if one woman in health care found employment in the utilities sector, she could, on average, increase her annual economic output by $200,000. Scaled up to a national picture, women could add $63 billion to forecast 2026 GDP.

Exhibit 4

Women are more likely to work in low-productivity sectors than men



SOURCE: Statistics Canada; Canadian Labour Force Survey; McKinsey Global Institute analysis

The potential impact from higher relative productivity varies significantly among provinces. In New Brunswick and Nova Scotia, where the male and female sector employment mix is similar, and where different sectors have comparable productivity, the impact is negligible. In Newfoundland, which has much lower relative productivity than other provinces (65.5 percent in 2016 vs. average 87 percent), and which has been on a promising growth trajectory over the past decade, we believe that little progress can be made relative to business-as-usual forecasts. In contrast, Alberta, Manitoba, Prince Edward Island, and Quebec could each derive approximately 50 percent of their potential impact from increasing relative productivity.

It is understood that labour supply must meet labour demand, and that the choices of sector employment made by women (and men) could be constrained by exogenous factors. However, goods-based industries are a pillar of the Canadian economy, have experienced strong employment growth over the past decade, and are forecast to continue to add jobs over the next ten years. With the necessary skills, women could occupy their fair share of these industries.[19] It is also theoretically possible to increase female relative productivity by increasing the productivity of sectors that employ more women. But this would be an industry-wide approach that is not specifically tied to women, so we have not estimated the impact of policies that could achieve this. If labour productivity were to increase, it would increase output from women and men, surpassing our impact estimates.

Increasing female labour force participation would have the most impact in Eastern Canada

Today, Canada has one the highest female labour force participation rates in the world. It only trails New Zealand and Switzerland, the countries with the highest participation rate, by a single percentage point. However, the female labour force participation rate has been declining at a rate of 0.1 percentage points per year. Over the same period, the male participation rate has declined from 72.3 to 70.3 percent. In our business-as-usual scenario, we forecast that the Canadian female labour force participation rate will continue to decline. In the best-in-Canada scenario, the female labour force participation rate would reverse its downward trend, moving from 61 percent in a business-as-usual scenario to 64 percent. This would be below the male participation rate and would remain roughly equal to the participation rate of peers. Most of the growth in participation would be among women of prime age (25 to 54) and mature women aged 55, and older.

In 2016, 82 percent of prime-aged women participated in the labour force, compared with 91 percent of prime-aged men. In the best-in-Canada scenario, women in this age group would participate at a rate of 87 percent, approaching men's forecast level of 92 percent. Mature women would also narrow the participation gap with men, moving from 32 percent participation in 2016 to 39 percent in 2026, compared with men's 46 percent in that year. Younger women would maintain their participation levels of 64 percent. This is consistent with youth of both genders in North America and Western Europe who are delaying entry into the workforce.

Increasing women's participation in the labour force is as large a lever as increasing their relative productivity. Eastern Canada would benefit most from encouraging and enabling women to join the labour force, with Labrador, New Brunswick, Newfoundland, and Nova Scotia each deriving more than 70 percent of their total potential from increased female labour force participation. These provinces tend to have fewer older women in the labour force (less than 30 percent). By increasing their female participation rate, each province could add approximately $1 billion to forecast 2026 GDP. To capture this potential, provinces may need to invest in retraining or creating flexible working programs. Please see Chapter 4 for a discussion on such interventions.

Hours worked have the smallest impact on GDP in the best-in-Canada scenario as women's hours have stagnated over the past decade

On average, a woman in Canada works 32.8 hours per week, compared with men's 38.5 hours. Most of the difference can be explained by women's propensity to occupy part-time roles. In 2016, women accounted for 66 percent of all part-time employees in Canada. Over the past ten years, the hours that women work relative to those that men work have changed little. For this reason, increasing women's hours only contributes 16 percent of the total GDP potential in the best-in-Canada scenario (Exhibit 3). Nevertheless, by working 50 minutes more a week, women could add $24 billion to Canadian GDP in 2026. If full parity

[19] Canadian Occupational Projection System (COPS), Employment and Social Development Canada, 2015.

were achieved on hours worked, Canada could add $142 billion more GDP than in the best-in-Canada GDP scenario in 2026. British Columbia, New Brunswick, Newfoundland, Ontario, and Saskatchewan would each derive more than 20 percent of their total potential impact from increasing the number of hours worked by women.

Achieving the best-in-Canada scenario assumes that women allocate more of their time to paid work and less to unpaid work. Although it is clearly valuable to society, unpaid work does not affect GDP because the current measure values only market-based activity. Thus, substituting non-market work with market-based work—for instance, by earning a wage and choosing to employ a caregiver—would increase GDP. However, we acknowledge that child-care costs could be prohibitive and that many women undertake unpaid work voluntarily. Effective programs, including affordable child care (see the discussion in Chapter 4) that enable women to work additional hours if they so choose, need to be in place.

TO SUCCESSFULLY REALIZE ITS FULL $150 BILLION POTENTIAL, CANADA WILL NEED TO ADD 600,000 JOBS FOR WOMEN

To realize the $150 billion rise in GDP estimated in the best-in-Canada scenario, Canada would need to add roughly 600,000 net new jobs for women, which is 6 percent more than the current 2026 forecasts. Numerous types of jobs could be created to meet the productivity targets, and it is likely that women will follow different paths into the workforce depending on their personal preferences. However, over the long term, many of these positions would need to be in the higher-productivity sectors to boost GDP and achieve sustainable growth.

One approach could be to create more employment opportunities for women in goods-producing sectors such as mining, oil and gas, utilities, and construction. These sectors form the backbone of the Canadian economy and have historically demonstrated strong growth. Despite the recent drop in commodity prices, the Canadian Occupational Projection System anticipates stable growth in these sectors' GDP and employment, although at a more modest rate (0.9 percent per year).[20] Women have historically been underrepresented in these highly productive sectors, holding only 25 percent of positions. In the past, this may have been due to the nature of the work. However, emerging technologies such as GPS surveying, automated loading and transportation, and robotics are not only increasing productivity in these sectors, but also creating opportunities to involve more women. Such technologies often rely more on transferable functional skills and less on sector expertise. This skill set would allow people (including women) to move more freely across sectors and into these higher-productivity ones.

Canada also has the option of growing female employment in the sectors of the future. These include manufacturing in advanced industries like aerospace and rail, information technology and system design, and engineering and business services. We expect these sectors to add approximately 150,000 to 200,000 jobs over the next ten years. By investing in these sectors, Canada could further increase its competitiveness in the global market and create opportunities for female engineers and scientists. Because Canadian women are significantly underrepresented in these fields (Chapter 2), Canada would need to encourage young women's entry into the STEM education fields and provide reskilling as necessary.

Canada could also increase the number of women as a whole and female leaders in particular (Chapter 3) in sectors that already enjoy high female participation and high productivity. Finance, insurance, and real estate represent up to 20 percent of GDP in certain provinces. These sectors also tend to have above average productivity and employ over one million people in Canada, over half of whom were women in 2016. By adding 50 thousand jobs to these sectors, which would double their current projected growth, Canada

[20] Ibid. Employment and Social Development Canada, COPS, 2015.

could add approximately $17 billion to its forecasted 2026 GDP. Corporations in these sectors could target the existing pool of highly qualified women to fill these positions.

For any of these interventions to succeed, Canada would need to go beyond spurring the labour supply; it should also use specific initiatives to address labour demand barriers (Chapter 4). Gender-neutral reforms can increase investment and spur job growth for women as well as men, and many exist, such as accelerating infrastructure investment and cutting the red tape that can constrain businesses. Other reforms could target industries that have historically hired fewer women or address barriers that inhibit women from increasing their participation—for example, if they do not have the right skills or cannot find flexible work opportunities.

•••

By promoting gender equality, Canada has the potential to realize significant economic gains that would be spread across the provinces. However, succeeding in this ambitious aim will require a concerted effort and cooperation between the public and private sectors, as well as all elements in society. In Chapter 2, we provide an overview of the current state of gender equality across social and economic dimensions and produce a list of priorities that will start to move the needle on inclusion.

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2. MAPPING THE GENDER GAPS

Canada needs to take steps to identify and address gender inequality in the economy and in society. MGI's 2015 report on global gender inequality demonstrated a clear link between inequality in work and in society and examined 15 indicators covering 95 countries. Canada emerged from that global research in the top ten countries in the world for gender equality. However, historical data reveal that Canada has made little progress over the past two decades. And this research, which uses a modified set of 15 indicators, finds that Canada still has high or extremely high inequality on seven of them.

In this chapter, we map gender inequality in Canada not only nationally but also at the level of provinces/territories and municipalities. We find minimal variation among provinces and territories on indicators of gender inequality at work and some variation on indicators of gender inequality in society. Cities' trends are very similar to one another and to national trends. Overall, however, there is considerable homogeneity at all levels. Nevertheless, certain ethno-cultural gender groups, such as Indigenous and immigrant women, are notably more disadvantaged compared with men in these groups but also compared with other women outside these groups.

GENDER EQUALITY IN WORK IS LINKED TO GENDER EQUALITY IN SOCIETY—THE FORMER IS NOT POSSIBLE WITHOUT THE LATTER

MGI's global research on gender inequality in 95 countries found a clear link between gender equality in work and in society, each of which has an impact on economic development (Exhibit 5).

The link is proven in Canada, too. For instance, one study found that women who leave abusive domestic partners rely on food banks nearly 20 times more than average Canadians for up to three years.[21] Forty-one percent of families headed by a single mother have low incomes,[22] compared with 21 percent of families headed by a single father and 10 percent of two-parent families.[23] Achieving the economic potential from advancing gender equality will therefore require addressing not only the barriers for women in work but also the broader gender divide that affects the well-being of Canadian society. It is for this reason that MGI has looked at both types of indicators of gender inequality (Box 2, "Methodology for mapping gender inequality in Canada").

[21] C. Varcoe et al., "Attributing selected costs to intimate partner violence in a sample of women who have left abusive partners," *Journal of Canadian Public Policy*, volume 37(3), 2011.

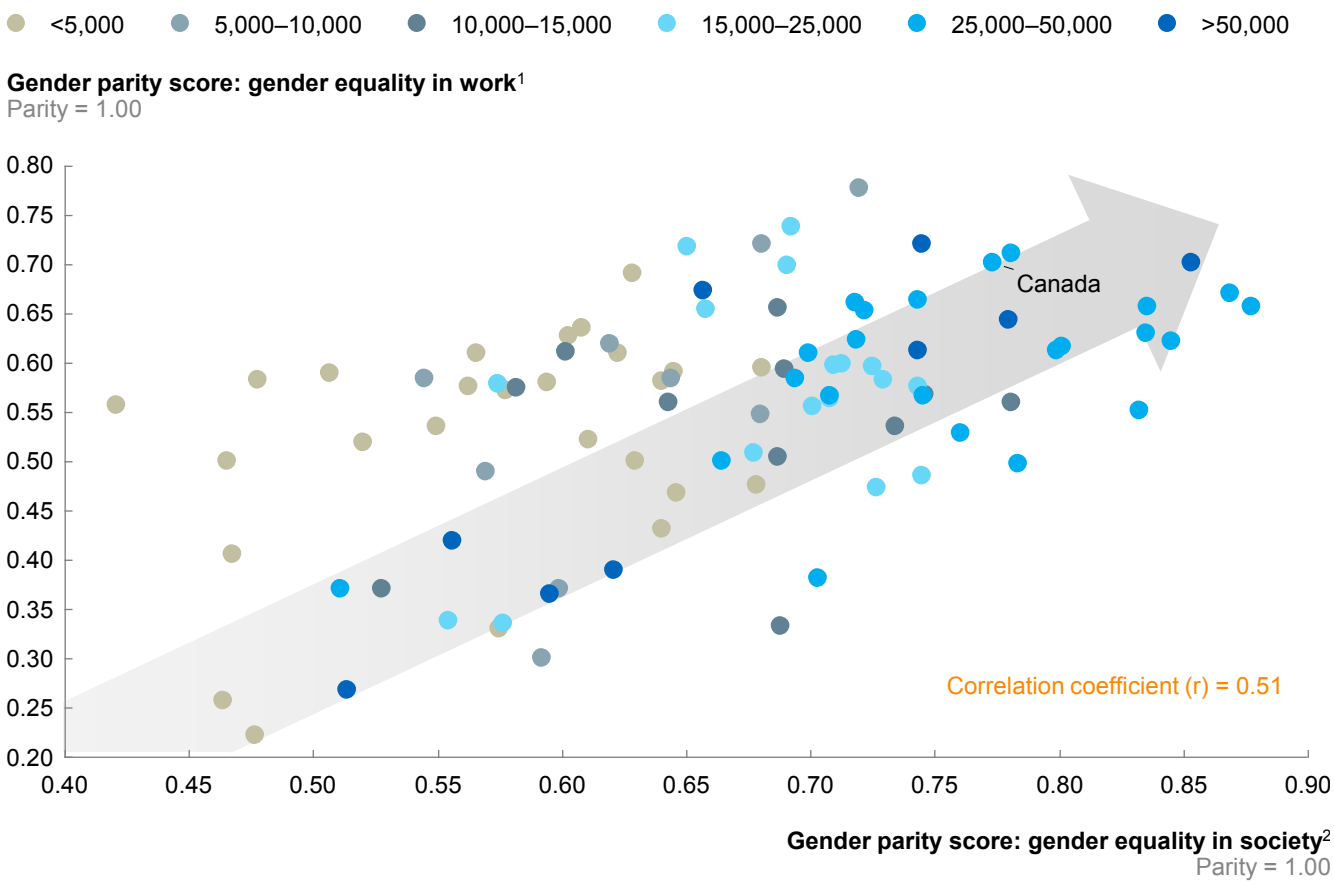
[22] Low-income measures (LIMs) are relative measures of low income, set at 50% of adjusted median household income. These measures are placed in categories based on the number of persons present in the household, which reflects the economies of scale inherent in household size.

[23] *Low-income statistics by economic family type, Canada, provinces and selected census metropolitan areas (CMAs)*, Statistics Canada, CANSIM table 206-0042, May 26, 2017.

Exhibit 5

Gender equality in society is linked with gender equality, and each has an impact on economic development

Per capita GDP levels, 2014 purchasing-power-parity international dollar



1 Labour force participation rate, professional and technical jobs, perceived wage gap for similar work, leadership positions, unpaid care work.
2 Essential services and enablers of economic opportunity, legal protection and political voice, physical security and autonomy.

SOURCE: McKinsey Global Institute analysis

CANADA IS AMONG THE GLOBAL LEADERS ON GENDER EQUALITY BUT PROGRESS HAS STALLED OVER THE PAST 20 YEARS

MGI's global research put Canada in the top ten of 95 countries on the overall GPS. Only Nordic countries, a handful of inland Western European countries, and New Zealand had higher GPS scores. The GPS of the United States was lower than Canada's.

Canada exhibited extremely strong results in essential services and enablers of economic opportunity, as well as physical security and autonomy. In common with many other developed countries, it is close to, or has reached, gender parity on indicators such as maternal mortality, education level, digital inclusion, sex ratio at birth, and child marriage (Exhibit 6). However, Canada falls closer to the mid-point of the range on many indicators of gender equality in work and on political representation.

Box 2. Methodology for mapping gender inequality in Canada

MGI's global research used 15 work and societal indicators that fell into four categories: gender equality in work; essential services and enablers of economic opportunity; legal and political voice; and physical security and autonomy.[1] The first—equality in work—may be driven by the choices men and women make about the lives they lead and the work they do. The next three relate to gender equality in society, which is fundamental to ensuring that women (and men) have the resources and ability to live lives of their own making. They are also crucial to achieving progress on gender equality at work, as well as intrinsically important for humanitarian and moral reasons.

To assess Canada's performance, we used the same categories but modified the 15 indicators to make them relevant to Canada and to take into account the data that were available. Given Canada's relatively strong showing in MGI's global research, we wanted to deprioritize those indicators on which Canada has largely achieved parity and where provincial and territorial variations were not likely to appear and focus on areas of opportunity for accelerating progress.

- **Gender equality in work**. This is the ability of women to be equal players in labour markets—to find employment, be compensated fairly for it, gain the skills and opportunity to perform higher-productivity jobs, and share work outside the market economy equitably. For Canada, we have used seven indicators: labour force participation; hours worked; wage gap; science, technology, engineering, and mathematics (STEM) occupations; managerial positions; entrepreneurship; and unpaid care work.
- **Essential services and enablers of economic opportunity**. Health care, education, and financial and digital services are vital enablers of social progress. For Canada, we have used six indicators: higher education; STEM education; financial literacy; teenage pregnancy; maternal mortality; and single parenthood.
- **Legal and political voice**. This refers to the equal right of women to self-determination, including the right to work, access institutions, inherit assets, be protected from violence, and have the opportunity to participate actively in political life. In MGI's global research, Canada's overall level of legal protection was taken into account. In this analysis, we focus solely on political representation.
- **Physical security and autonomy**. Here we refer to the right of women to be safe from physical, mental, and emotional harm. For Canada, we used violence against women as our indicator, measured using self-reported incidences of sexual assault, physical assault, and robbery, including—but not limited to—those committed by intimate partners.

We used the same 15 indicators for our analysis of gender inequality at the national, provincial, and territorial levels, but only 11 indicators for municipalities to reflect the data available and ensure consistency in our comparisons. We removed the wage gap, financial literacy, maternal mortality, and teenage pregnancy.

We assigned an inequality range to each indicator—low, medium, high, or extremely high— and tailored the methodology to each type of indicator. Typically, these indicators take the form of a ratio of women affected to men affected, or vice versa. In these cases, scores range from 0 to 1, with 0 indicating the worst case and 1 indicating full parity.[2] For issues that by their nature disproportionately or exclusively affect women—teenage pregnancy is an example—a true "parity" ratio does not accurately illustrate the problem. To ensure that this report captures these important factors, incidence rates are used rather than ratios.

We combined results from all 15 indicators in the four categories, giving them equal weighting, into a single comprehensive measure—the Gender Parity Score (GPS)—that measures how close women are to gender parity in each country. A score of 1 indicates full parity and a score of 0 indicates a lack of parity (see the appendix for details of our methodology, including definitions of each indicator and ranges).

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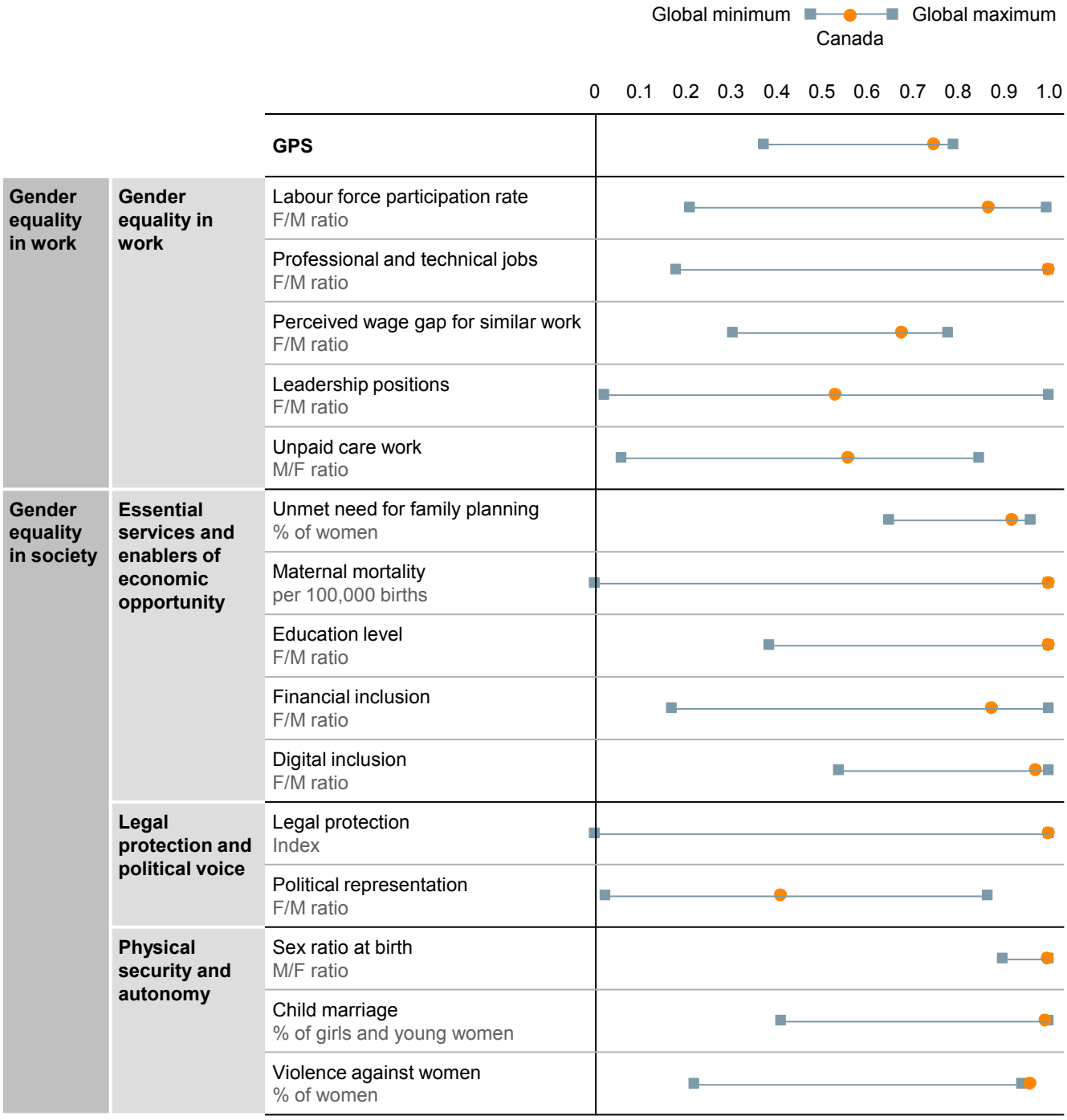
1 Ibid. McKinsey Global Institute, *The power of parity global report*, September 2015.

2 For most indicators, low inequality is defined as being within 5 percent of parity, medium inequality between 5 and 25 percent, high inequality between 25 and 50 percent, and extremely high inequality 50 percent or higher. For details and exceptions, see the appendix.

Exhibit 6

Canada has one of the strongest gender parity scores globally and is well-positioned to tackle the remaining gender gap



SOURCE: McKinsey Global Institute analysis

Canada has an opportunity to capitalize on its existing strengths in social equality and eliminate economic and political inequality and by doing so capture as much as $150 billion in incremental GDP in 2026. But progress toward gender parity appears to have stalled over the past 20 years and may even have reversed—making the $150 billion GDP potential hard to reach without active interventions to change the current course. Canada has dropped from 14th of 144 countries on the World Economic Forum's ranking on the global gender gap ten years ago to 35th in 2016.[24]

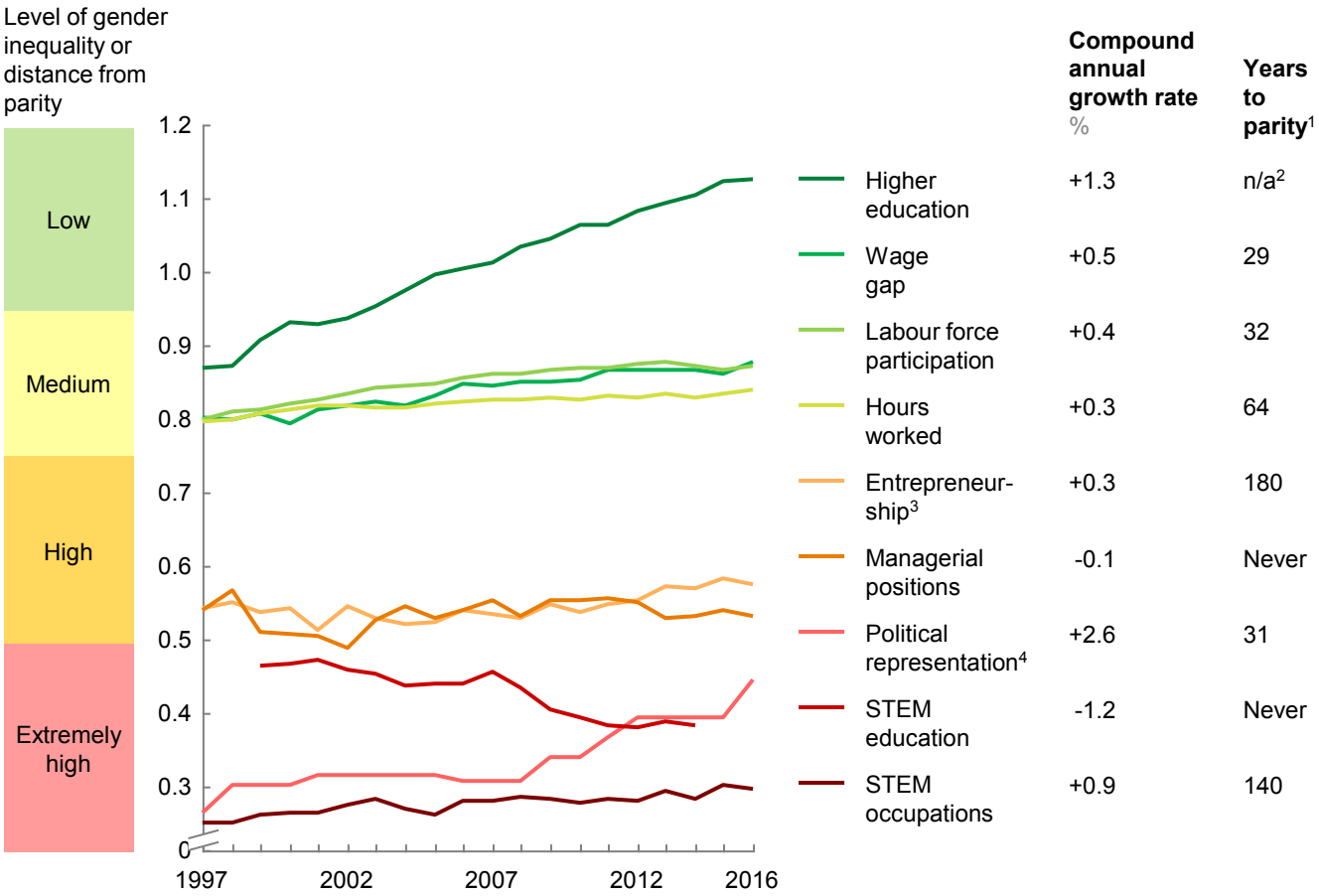
[24] *The global gender gap report*, World Economic Forum, 2016.

Over the past 20 years, the female-to-male ratios of wage gap, labour force participation, hours worked, and entrepreneurship have moved toward gender parity at a rate of 0.5 percent or less per annum.[25] At this rate of progress, it would take approximately 30 years to reach parity on the wage gap and labour force participation, about 60 years for hours worked, and 180 years for entrepreneurship (Exhibit 7). Moreover, there has been a slight decline in female representation in managerial positions relative to men over the past two decades. Although progress on STEM occupations has moved moderately faster, at 0.9 percent per year, it would take Canada 140 years to reach full parity, given its highly gender unequal starting point.

Exhibit 7

With the exception of political representation and higher education, progress toward gender parity has largely stalled in the past 20 years

Female-to-male ratio



1 At current compound annual growth rate.
2 Already at parity.
3 Different metric than that used in the indicator results in Exhibit 8. Here a female-to-male ratio of the number of self-employed persons are used, whereas indicator results use the number of small- or medium-sized, majority-owned enterprises.
4 Different from indicator results in Exhibit 8 as this only includes federal parliamentary positions and not provincial/territorial legislative positions.
NOTE: Maternal mortality, single parenthood, and teenage pregnancy are not included in the exhibit as they are measured as prevalence rates among women, not as female-to-male ratios. Unpaid care work, financial literacy, and violence against women are also not included as consistent historical data was not available.

SOURCE: Statistics Canada; McKinsey Global Institute analysis

[25] Calculated as the cumulative annual growth rate of the female-to-male ratio from 1997 to 2016.

In contrast, Canada has made notable headway on political representation and higher education. Political representation has improved the fastest, at 2.6 percent per annum, and continued to improve with the appointment of the gender-balanced Cabinet in 2016. Nevertheless, Canada remains highly unequal on political representation; there is still much to do. In the case of higher education, the female-to-male ratio has grown at 1.3 percent per annum to surpass parity since 2005, although the ratio for STEM education, in particular, has declined by 1.2 percent per annum over the past two decades. Other societal indicators that predominantly affect women show mixed results during this period—maternal mortality rates have increased, single parenthood rates have been flat, and teenage pregnancy rates have dropped sharply.[26]

Several research studies suggest two potential reasons why progress on gender equality has stalled. The first is the enduring gender bias and stereotypes ingrained in Canada's cultural belief systems—many people internalize standards of socially acceptable male and female behaviour and penalize those who do not adhere to them.[27] According to the International Social Survey Programme (ISSP), social attitudes toward women, work, and family life in Canada have remained largely unchanged over the past 20 years.[28] Unconscious gender bias is more resistant to change and, therefore, the closer Canada moves toward gender parity, the more difficult it becomes to close the remaining gap.[29] The second reason cited is the pullback in public-policy support for gender equality in Canada.[30] A combination of funding cuts to the Status of Women Canada and other women's organizations and research bodies, changes to the infrastructure of policy design and equality monitoring, and the termination of funding support for community groups for gender equality appears to have slowed the pace of progress.[31]

CANADA STILL HAS HIGH OR EXTREMELY HIGH INEQUALITY ON SEVEN GENDER EQUALITY INDICATORS

Looking in detail at the 15 gender inequality indicators assessed in Canada, the country has low equality on three social indicators—higher education, maternal mortality, and violence against women (Exhibit 8). Canada falls into the medium range of inequality for a number of economic and social indicators—namely, labour force participation, hours worked, wage gap, financial literacy, and teenage pregnancy. Canada's areas of high inequality are managerial positions and unpaid care work. There is extremely high inequality in STEM occupations, entrepreneurship, STEM education, single parenthood, and political representation. The seven areas of high and extremely high inequality warrant prioritized and targeted interventions, as we discuss in Chapters 3 and 4.

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[26] *Deaths and mortality rate (age standardization using 1991 population), by selected grouped causes and sex, Canada, provinces and territories*, Statistics Canada CANSIM table 102-0552, March 9, 2017; *Estimates of births, by sex, Canada, provinces and territories*, Statistics Canada CANSIM table 051-0013, September 28, 2016; *Live births, by age of mother, Canada, provinces and territories*, Statistics Canada CANSIM table 102-4503, October 26, 2016; *Estimates of population, by age group and sex for July 1, Canada, provinces and territories*, Statistics Canada CANSIM table 051-0001, September 28, 2016; *Family characteristics, by family type, family composition and characteristics of parents*, Statistics Canada CANSIM table 111-0011, July 14, 2016.

[27] Neil Guppy and Nicole Luongo, "The rise and stall of Canada's gender-equity revolution," *Canadian Review of Sociology*, volume 52, number 3, August 2015.

[28] *Family and changing gender roles*, Carleton University, 2013.

[29] Cecilia L. Ridgeway, *Framed by gender: How gender inequality persists in the modern world*, Oxford University Press, January 2011.

[30] Ibid. Neil Guppy and Nicole Luongo, "The rise and stall," August 2015.

[31] Janine Brodie and Isabella Bakker, *Where are the women? Gender equity, budgets and Canadian public policy*, Canadian Centre for Policy Alternatives, 2008; A. Porter, "Neo-conservatism, neo-liberalism and Canadian social policy: Challenges for feminism," *Canadian Woman Studies*, volume 29, number 3, 2012.

Exhibit 8

Canada has high or extremely high inequality on seven out of fifteen indicators

Level of gender inequality or distance from parity

Low | Medium | High | Extremely high

Gender equality in work	**Gender equality in work**	**Labour force participation**	F/M ratio—employed or looking for work as % of gender aged 15+	0.87
		Hours worked	F/M ratio—average hours worked per week by employees of gender aged 15+	0.84
		Wage gap	F/M ratio—median hourly wage rate by occupation for full-time employees of gender aged 15+[1]	0.88
		STEM occupations	F/M ratio—employees in a STEM-related occupation by gender aged 15+[2]	0.30
		Managerial positions	F/M ratio—employees in a managerial occupation by gender aged 15+[3]	0.53
		Entrepreneur-ship	F/M ratio—small- and medium-sized enterprises majority owned by gender[4]	0.24
		Unpaid care work	M/F ratio—average hours spent on unpaid care work per week by gender[5]	0.56
Gender equality in society	**Essential services and enablers of economic opportunity**	**Higher education**	F/M ratio—individuals with a bachelor's degree or higher by gender	1.13
		STEM education	F/M ratio—individuals graduated from post-secondary STEM[6] education by gender	0.38
		Financial literacy	F/M ratio—average financial quiz score by gender[7]	0.94
		Teenage pregnancy	Prevalence rate—births per 1,000 women aged 15–19	11.01
		Maternal mortality	Prevalence rate—deaths caused by childbirth-related causes per 100,000 live births[8]	5.77
		Single parenthood	Prevalence rate—% of all families with children headed by single mothers	20%
	Legal protection and political voice	**Political representation**	F/M ratio—federal and provincial/territorial legislative seats by gender[9]	0.41
	Physical security and autonomy	**Violence against women**	Prevalence rate—% of women having self-reported being victims of violent crime[10]	4%

1 As defined by the National Occupational Classification (NOC).
2 Defined as occupations in the natural and applied sciences and related occupations category in the NOC, consistent with the definition used in research by Statistics Canada.
3 Defined as occupations in the management occupations category in the NOC.
4 Small- and medium-sized enterprises are defined as registered business establishments with between 1 and 499 employees, consistent with the definition from Industry Canada. For a business establishment to be included in the sample size, it must meet one of the following criteria: have at least one paid employee (with payroll deductions remitted to the Canada Revenue Agency, CRA), have annual sales revenues of $30,000, or be incorporated and have filed a federal corporate income tax return at least once in the previous three years. Excluded from the sample population are businesses in the following industrial sectors: public administration, including schools and hospitals; public utilities; and non-profit associations.
5 Unpaid care work is defined to consist of three components: hours spent doing unpaid housework, hours spent looking after children without pay, and hours spent providing unpaid care or assistance to seniors. Average hours are extrapolated from the number of people in each band of number of hours.
6 Defined as the physical and life sciences and technologies; mathematics, computer and information sciences; architecture, engineering and related technologies categories in the Classification of Instructional Programs, Primary Grouping (CIP PG).
7 As part of the Canadian Financial Capabilities Survey conducted by Statistics Canada.
8 Deaths from childbirth-related causes refer to those caused by pregnancy, childbirth, and the puerperium.
9 Federal seats refer to those in the Senate and the House of Commons. Provincial/territorial seats refer those in the provincial and territorial legislatures.
10 Violent crime includes sexual assault, robbery, and physical assault. Includes physical and sexual assault committed by current or former spouses or common-law partners. Data represent prevalence within a 12-month period.

SOURCE: Statistics Canada; Parliament of Canada; McKinsey Global Institute analysis

Gender equality in work: Significant gaps remain with high or extremely high inequality on four of the seven indicators

In the gender equality in work category, inequality is extremely high on two indicators—entrepreneurship and STEM occupations—and high on managerial positions and unpaid care work.

- **Entrepreneurship**. This indicator registers the highest gender inequality in this category. The female-to-male ratio stands at 0.24—men are four times more likely to have majority ownership of a small- or medium-sized enterprise than women. Canada's position on this indicator is roughly in line with Brazil and the average in the European Union (EU), for instance, and marginally ahead of the OECD average and the United States.[32] Many countries are struggling to address this issue, but this means that there is a large opportunity to be tapped and, in the process, drive economic growth.

- **STEM occupations**. This is the indicator with the second-highest inequality reading. Women's lower participation in highly productive STEM fields drives the productivity gap between working men and women. The female-to-male ratio is 0.30. In other words, there are three women for every ten men in a STEM career. In comparison, the United Kingdom has a ratio of 0.18 on this indicator.

- **Managerial positions**. Gender inequality in Canada is high on this indicator. Men occupy close to twice as many managerial positions as women. Canada lags all countries in the North America and Oceania region[33] on this indicator. The United States, for instance, has a 0.66 female-to-male ratio compared with Canada's 0.53.[34]

- **Unpaid care work**. Our analysis indicates that women perform close to twice as much of the unpaid care work as men do. This is a challenging issue around the world. With a male-to-female ratio of the hours of unpaid care work performed of 0.56, Canada is ahead of the Western Europe average of 0.48 but slightly trails the North America and Oceania average of 0.61. Global leaders include Nordic countries such as Denmark with 0.77 and Sweden with 0.67.

Canada has medium gender inequality on the other three indicators in the equality in work category—labour force participation, hours worked, and wage gap. As we noted in Chapter 1, 40 percent of Canada's $150 billion GDP potential would come from higher female labour force participation and only 15 percent from greater equality between men and women on hours worked; this is despite the fact that both indicators have approximately the same level of inequality. This is because the economic potential is sized based on the best improvement rate amongst the provinces in the past decade – female labour force participation improved at a much faster rate than hours worked. Although the wage gap does not contribute directly to the sizing of the economic potential, it is worth highlighting because of its implications for the relative market value and opportunity cost of women working rather than staying at home (Box 3, "The gender pay gap: An ongoing issue in Canada").

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[32] Mario Piacentini, *Women entrepreneurs in the OECD*, OECD Social, Employment and Migration Working Papers, number 147, July 2013. Although measurements are not directly comparable to the indicator result because of different definitions of entrepreneurship, they are comparable across countries within this data set.

[33] Ibid. McKinsey Global Institute, *The power of parity global report,* September 2015. North America and Oceania were grouped together because of their relatively similar performance on gender equality.

[34] Ibid. McKinsey Global Institute, *The power of parity US report*, April 2016. US data is for 2014 and Canadian data is for 2016.

Box 3. The gender pay gap: An ongoing issue in Canada

The gender pay gap concept is often used as a measure to discuss the inequalities between women and men at work. However, the true gender pay gap is the unexplainable differential in pay for work of equal value. This true gender pay gap is difficult to measure because "work of equal value" is hard to define. In this report, we have attempted to proxy the true pay gap by controlling for differences in the numbers of hours worked and the type of occupation.[1]

Our analysis finds that the gender pay gap in Canada is 12 cents overall, meaning women make 88 cents for every dollar that men make. There are a number of differences among occupational categories and among provinces (Exhibit 9). Across Canada, the highest wage gaps appear to be middle-management occupations in retail and wholesale trade and customer services, with a female-to-male ratio of 0.67 or a gap of 33 cents, and in care providers and educational, legal, and public protection support that have a female-to-male ratio of 0.69 or a gap of 31 cents. Broader occupational categories such as trades, transport and equipment operators and related occupations; natural resources, agriculture, and related production occupations; and occupations in manufacturing and utilities also have some of the highest wage gaps. British Columbia has visibly wider gaps than other provinces in these categories.

McKinsey's survey on corporate gender diversity corroborates these findings (see Chapter 3 for more detail and the appendix for the survey methodology). The survey of 69 Canadian companies indicates that there is a salary gap of between 4 and 14 percent at every level of the corporate talent pipeline (Exhibit 10). More work needs to be done to understand the underlying drivers of these pay differences, including potential explanations such as different types of work performed by men and women within each occupation or corporate hierarchical level, the likelihood of asking for a pay raise or promotion, and the propensity to change jobs that results in a step change in salary.

Canada and its provinces and territories have undertaken a number of legislative efforts to address the issue. Current federal legislation, which applies to organizations under federal jurisdiction such as banks and insurance companies, employs a complaint-based model. However, the government of Canada has signaled its commitment to develop proactive pay-equity reform with a target of late 2018.[2] Ontario and Quebec have existing proactive pay equity legislation that covers both the public and the private sectors with different—evolving—approaches to enforcement. La commission de l'équité salariale du Québec, for instance, requires any organization that employs six or more employees to submit an annual "declaration" stating where it stands in relation to the requirements of the pay-equity legislation. The organization publicly posts the names of employers whose pay practices were non-compliant in recent years. Manitoba, New Brunswick, Nova Scotia, and Prince Edward Island have legislation that only covers the public sector, while British Columbia, Newfoundland, and Saskatchewan have policy frameworks instead of legislation for negotiating pay equity with some specific public-sector employees. Alberta has neither specific pay-equity legislation nor policy frameworks.[3]

Regardless of the differences, existing legislation and enforcement mechanisms have yet to close the persistent gender pay gap, and governments could consider policy reforms as well as explore non-legislative efforts. Many other countries have undertaken progressive legislative and non-legislative efforts to close the gender pay gap. In March 2017, Iceland became the first country to legislate for proof of equal pay of employees in both public and private firms, requiring every company with 25 or more employees to obtain a certificate of equal pay to employees "regardless of gender, ethnicity, sexuality, or nationality."[4] Countries including Australia and the United Kingdom are forcing disclosure by requiring companies of certain sizes to publicly report the gender pay gap.[5] In the United States, the private sector has also taken voluntary steps to address the gap. For instance, more than 80 CEOs from large firms including American Express, Mercer, and Microsoft have committed to being "pay equity champions"—speaking publicly and acting to further the case of pay equality.[6] Exploring the steps taken by other countries could inform Canada's evolving menu of measures on the gender pay gap.

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1 Occupation as defined by the National Occupational Classification (NOC).

2 *Government response to the first report of the Standing Committee on Pay Equity*, Parliament of Canada, October 5, 2016.

3 Canadian pay equity requirements, Hay Group, www.haygroup.com.

4 Ryan Kilpatrick, "Iceland has become the first country to officially require gender pay equality," *Fortune*, March 2017.

5 Tavia Grant, "Who is minding the gap?" *The Globe and Mail*, March 6, 2017.

6 Tavia Grant, "Canada's stalled progress on gender pay gap: Women have 'hit a brick wall'," *The Globe and Mail*, October 9, 2015.

Exhibit 9

Gender wage gap by province by occupation[1]

Female-to-male ratio of median hourly wage rate for full-time employees — 0.50 — 1.17 — No data[2]

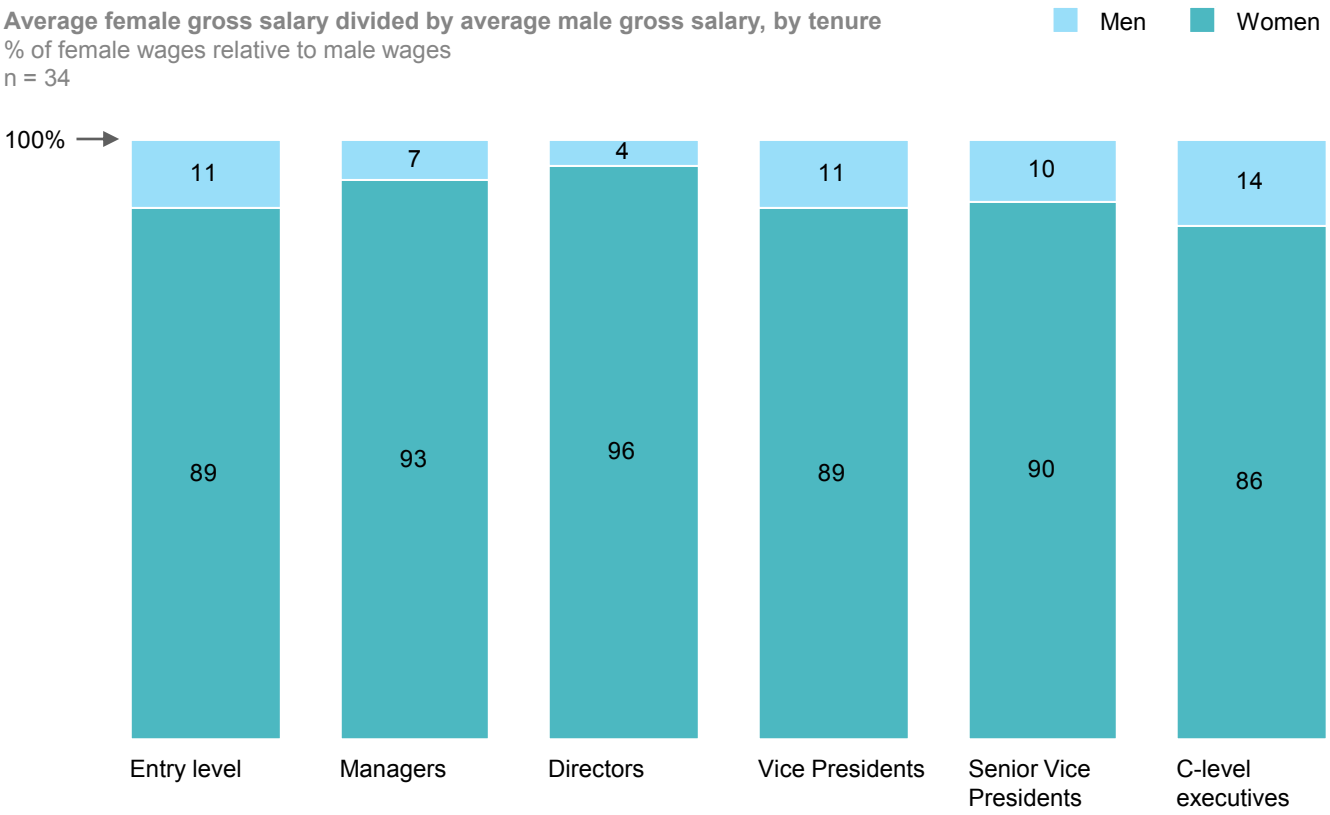
	Canada	Newfoundland and Labrador	Prince Edward Island	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
Total employees, all occupations	0.88	0.80	0.99	0.91	0.96	0.91	0.89	0.91	0.84	0.81	0.83
Management	0.88	0.83	0.95	0.97	0.90	0.85	0.90	0.95	0.86	0.77	0.90
▪ Senior management occupations	1.06	-	-	-	-	1.01	1.03	-	-	-	-
▪ Specialized middle management occupations	0.87	1.05	0.89	1.04	0.88	0.87	0.89	0.87	0.90	0.82	0.90
▪ Middle management occupations in retail and wholesale trade and customer services	0.67	0.64	0.72	0.73	0.83	0.78	0.63	0.59	0.56	0.55	0.73
▪ Middle management occupations in trades, transportation, production, and utilities	0.87	-	-	1.01	-	0.70	0.94	1.09	0.91	0.72	0.94
Business, finance and administration occupations	0.92	0.87	0.96	0.90	0.96	0.88	0.93	0.93	0.89	0.89	0.96
Natural and applied sciences and related occupations	0.91	0.86	0.80	0.95	0.81	0.96	0.92	0.84	0.91	0.87	0.92
Health occupations	0.94	1.00	1.01	0.94	0.99	0.88	0.92	1.17	0.96	1.01	1.00
Occupations in education, law and social, community and government services	0.76	0.55	0.92	0.82	0.79	0.79	0.77	0.74	0.77	0.80	0.74
▪ Professional occupations in education services	0.91	0.91	0.97	0.93	1.06	0.90	0.91	0.87	0.88	0.94	0.87
▪ Professional occupations in law and social, community and government services	0.92	1.11	1.10	0.90	0.98	0.90	0.90	0.96	1.01	0.99	0.83
▪ Paraprofessional occupations in legal, social, community, and education services	0.95	-	-	0.86	-	0.87	1.01	1.00	0.76	0.84	1.01
▪ Occupations in front-line public protection services	0.87	-	-	-	-	0.85	0.92	-	0.95	0.80	1.00
▪ Care providers and educational, legal, and public protection support occupations	0.69	0.50	-	0.95	0.61	0.72	0.67	0.75	0.68	0.66	0.87
Occupations in art, culture, recreation and sport	0.90	0.78	0.71	0.99	1.07	0.94	0.85	0.87	0.74	0.95	0.85
Sales and service occupations	0.88	0.84	0.97	0.90	0.93	0.88	0.86	0.89	0.83	0.82	0.90
Trades, transport and equipment operators and related occupations	0.72	0.71	0.74	0.91	0.82	0.71	0.69	0.82	0.78	0.77	0.70
Natural resources, agriculture and related production occupations	0.71	-	0.96	0.70	0.84	0.89	0.73	0.76	0.63	0.74	0.50
Occupations in manufacturing and utilities	0.75	0.70	0.82	0.86	0.78	0.75	0.75	0.80	0.74	0.68	0.56

1 As defined by the National Occupational Classification (NOC).
2 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.

SOURCE: Statistics Canada; McKinsey Global Institute analysis

Exhibit 10

The gender pay gap is also corroborated by our survey data on the corporate talent pipeline



NOTE: Numbers may not sum due to rounding.

SOURCE: Survey of 69 Canadian companies representing 470,000 employees; McKinsey Global Institute analysis

Essential services and enablers of economic opportunity: Gender inequality is extremely high in STEM education and single parenthood

In two of the six indicators in this category, Canada still has extremely high inequality—STEM education and single parenthood. It has medium inequality on financial literacy and teenage pregnancy and low inequality on higher education and maternal mortality. (Please see Box 4, "Aboriginal women are significantly disadvantaged on many socioeconomic aspects" for a brief discussion of the deep-rooted challenges facing these women in Canada.)

- **STEM education.** Related to the STEM occupations indicator, STEM education reveals extremely high inequality. The female-to-male ratio is only 0.38—that is, there are 38 women for every 100 men in STEM education fields, despite the fact that 53 percent of post-secondary graduates are women. The fact that female representation in both STEM occupations and STEM education is low indicates a problem in the STEM pipeline. Not only are few women entering STEM fields in education, but many of those who do so then fail to translate their education into a STEM career. In contrast, the United Kingdom has a STEM education ratio of 0.80 and a STEM occupations ratio of 0.17.[35]

- **Single parenthood.** In Canada, 20 percent of families with children are headed by single mothers and only 5 percent by single fathers. This prevalence is slightly lower than in the United States where 25 percent of families are headed by a single mother. Although single parenthood may be voluntary in many cases, its link to low incomes

[35] *The power of parity: Advancing women's equality in the United Kingdom*, McKinsey Global Institute, September 2016. STEM careers data are from 2014 and STEM education data are from 2015.

and the unequal distribution of child-care responsibilities makes it an important area to investigate. Forty-one percent of female-led single-parent families fall into the low-income bracket, compared with 21 percent of male lone-parent families and 10 percent of families with two parents present.[36]

Legal and political voice: Inequality is extremely high on political representation

Political representation is another extremely high inequality indicator. Although the Senate comprises 43 percent women, the share of women in the House of Commons remains at only 29 percent, and the share in provincial and territorial legislatures at 28 percent. With a national female-to-male ratio on political representation of 0.41, Canada is ahead of the North America and Oceania average of 0.35, but lags Western Europe at 0.49. The Nordic countries lead the world with ratios in the range of 0.72 for Denmark and 0.86 for Sweden. Many of the inland Western European countries are also markedly ahead of Canada with ratios ranging from 0.54 in Germany to 0.68 in Belgium.[37]

Physical security and autonomy: Inequality on violence against women is low but still warrants attention

Our analysis finds that 4 percent of Canadian women have self-reported some form of sexual assault, robbery, or physical assault, either from their intimate partners or from others, in a 12-month period—by our definitions, this is a low inequality indicator and MGI's global research put Canada in the lead on this issue. However, extensive research suggests that violence in Canada is significantly under-reported, even in the case of self-reporting surveys.[38] Furthermore, the prevalence of violence against women is distributed unequally within the Canadian population and affects certain minority groups like the Aboriginal population to a much higher degree.[39] In addition, the impact of violence on women's well-being is significant, as is the economic cost associated with violence to Canadian society in absolute terms. Canada is actively working to resolve this issue (Box 5, "Violence against women").[40]

PERFORMANCE ON GENDER INEQUALITY INDICATORS IS SIMILAR AMONG PROVINCES AND TERRITORIES, SUGGESTING CONSISTENT AREAS TO PRIORITIZE

Our analysis of the 15 indicators at the provincial and territorial levels reveals largely similar results across the board (Exhibits 11 and 12). The homogeneity is particularly marked in work-related indicators whereas there is some variation on social indicators of gender inequality. This contrasts with the United States, for example, where MGI's research found performance on both work and social indicators varied widely between states. On unpaid care work, for instance, results in the United States ranged from low to extremely high inequality, but in Canada inequality is at a medium level across provinces and territories.[41]

Although more work is needed to identify the drivers behind these findings, one possible explanation for the limited variation in Canadian provinces and territories could be the strong federal mandate that establishes a nationwide social infrastructure and levels the playing field for women across provincial and territorial borders. This means that Canada has consistent areas to prioritize for action across all provinces and territories.

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36 Ibid. Statistics Canada, *Low income statistics by economic family type*, May 26, 2017.

37 Ibid. McKinsey Global Institute, *The power of parity global report,* September 2015. Iceland is not included in the analysis.

38 Cecilia Benoit et al. *Issue brief: Sexual violence against women in Canada*, Federal-Provincial-Territorial Senior Officials for the Status of Women, December 2015.

39 Ibid. Statistics Canada, *Women in Canada* (89-503-X), ongoing.

40 Ting Zhang et al, *An estimation of the economic impact of spousal violence in Canada, 2009*, Department of Justice Canada, 2012.

41 Ibid. McKinsey Global Institute, *The power of parity US report,* April 2016.

Box 4. Aboriginal women are significantly more disadvantaged on many socioeconomic aspects

According to data from the 2011 National Household Survey, Aboriginal women made up 4 percent of the Canadian female population. This group is younger and faster growing than the rest of the female population in Canada. The median age of Aboriginal women is 29.1 years, compared with 41.5 years for non-Aboriginal women. The Aboriginal female population grew by 20 percent between 2006 and 2011, compared with only 5 percent for the non-Aboriginal female population.[1] Aboriginal women are an increasingly important part of the Canadian workforce, and the unique socioeconomic challenges they face require closer attention.

- **They live in poorer housing conditions**. Eleven percent of Aboriginal women and girls live more than one person to a room, compared with only 4 percent of non-Aboriginal women. In addition, 21.3 percent of Aboriginal women live in homes needing major repairs, compared with 6.8 percent of non-Aboriginal women.
- **They have less formal education**. Just over 26 percent of Aboriginal women aged 25 to 64 have no certificate, diploma, or degree, compared with 11 percent of non-Aboriginal women; 50.7 percent of Aboriginal women have some form of post-secondary education, compared with 65.3 percent of non-Aboriginal women.
- **They are more likely to be single mothers**. More than 16 percent of Aboriginal women are single mothers, compared with 8 percent of non-Aboriginal women.
- **They have a higher prevalence rate of teenage pregnancy**. Aboriginal women aged 25 to 29 were three times more likely to become mothers before the age of 20, compared with less than 6 percent among non-Aboriginal women.
- **They are more likely to be victims of spousal violence**. Nine percent of Aboriginal women aged 15 and over have been victims of self-reported spousal violence in the past five years, compared with 4 percent of non-Aboriginal women.

Many of these issues are not gender-specific but apply to Aboriginal men, too. For example, Aboriginal men have less formal education than non-Aboriginal men—45.8 percent of this group has some form of post-secondary education, compared with 64 percent of non-Aboriginal men. Nevertheless, understanding the conditions that Aboriginal women face is the first step toward developing interventions to help them, whether these conditions affect Aboriginal women specifically or the Aboriginal population as a whole.

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[1] *Women in Canada: A gender-based statistical report (89-503-X)*, Statistics Canada, ongoing. All data is from 2011, with the exception of the self-reported spousal violence, which is from 2014, and the teenage pregnancy rate, which is from 2006 (this data was not collected as part of the 2011 census or National Household Survey).

Box 5. Violence against women

The violence against women issue affects many Canadians and carries significant personal and economic costs. Personal costs to victims of gender violence may include depression and post-traumatic stress disorder, sexually transmitted infections, absence from school or work, and social isolation. Status of Women Canada estimates that the economic cost of violence against Canadian women by intimate partners alone is approximately $4.8 billion a year. The Canadian Centre for Policy Alternatives estimates the total annual economic cost of violence by intimate partners and sexual assault at $334 per person.[1] This includes costs associated with pain and suffering, direct costs such as medical care and lost productivity, as well as third-party costs such as the impact on children and families, loss of future income, and costs to the criminal and civil justice systems.

Canada has played a leading role internationally in addressing violence against women through support of the development of a three-tiered, rights-based approach that calls for interventions aimed at preventing violence against women, protecting them from violence, and supporting survivors of violence.[2]

At home, the government of Canada has dedicated resources to a number of departments and agencies to tackle this issue. According to the Canadian Centre for Policy Alternatives, total investment in programs and services related to violence by intimate partners and sexual assault is approximately $80 million. In 2016, the federal government announced a plan to develop a comprehensive federal strategy that addresses gender-based violence and is aligned with existing provincial strategies. To inform the development of this strategy, Canadians across the country—including survivors, front-line workers, researchers, and advocates—were invited to participate. Through roundtables, meetings, online submissions, and surveys, Canadians shared their experiences and insights and suggested roles the federal government could play.[3]

Canada's provincial and territorial governments also play a key role in preventing and addressing violence against women through health care, social services, child protection, and policing, etc. Grassroots organizations are also working to address violence against women. For example, White Ribbon has become the world's largest movement of men and boys aimed at ending violence against women and girls and promoting gender equity, healthy relationships, and a new vision for masculinity. The movement, which began in 1991, asks men to wear white ribbons as a pledge to never commit, condone, or remain silent about violence against women and girls.[4]

Quantitative and qualitative measurements are important in tackling the issue of violence against women. Regularly conducted, detailed surveys on the incidence of violence by intimate partners and sexual assaults are crucial to understand root causes and track progress. These surveys should ask questions about both victimization and perpetration. Detailed information on the cost of violence against women, as well as public investments and their associated impact, will also help inform interventions that are most effective.[5]

It is also essential to tailor interventions to the specific needs and vulnerabilities of different communities. Domestic and international human rights bodies have repeatedly identified the need to address the disproportionate levels of violence experienced by Indigenous women in Canada. Underserved groups also include children and youth, lesbian, gay, bisexual, trans, and queer and gender-non conforming people, minority women, newcomers to Canada, women with disabilities, and women living in rural and remote areas.[6]

Through the collective efforts of federal, provincial, and territorial governments and organizations, Canada can continue to drive toward an end to violence against women.

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1 Kate McInturff, *The gap in the gender gap: Violence against women in Canada*, Canadian Centre for Policy Alternatives, July 2013; The alternative federal budget 2014: Striking a better balance, Canadian Centre for Policy Alternatives, 2014.

2 Ibid. Kate McInturff, *The Gap in the Gender Gap*, July 2013.

3 *Breaking the silence: Final report of the engagement process for the federal strategy to address gender-based violence*, Government of Canada, February 2017.

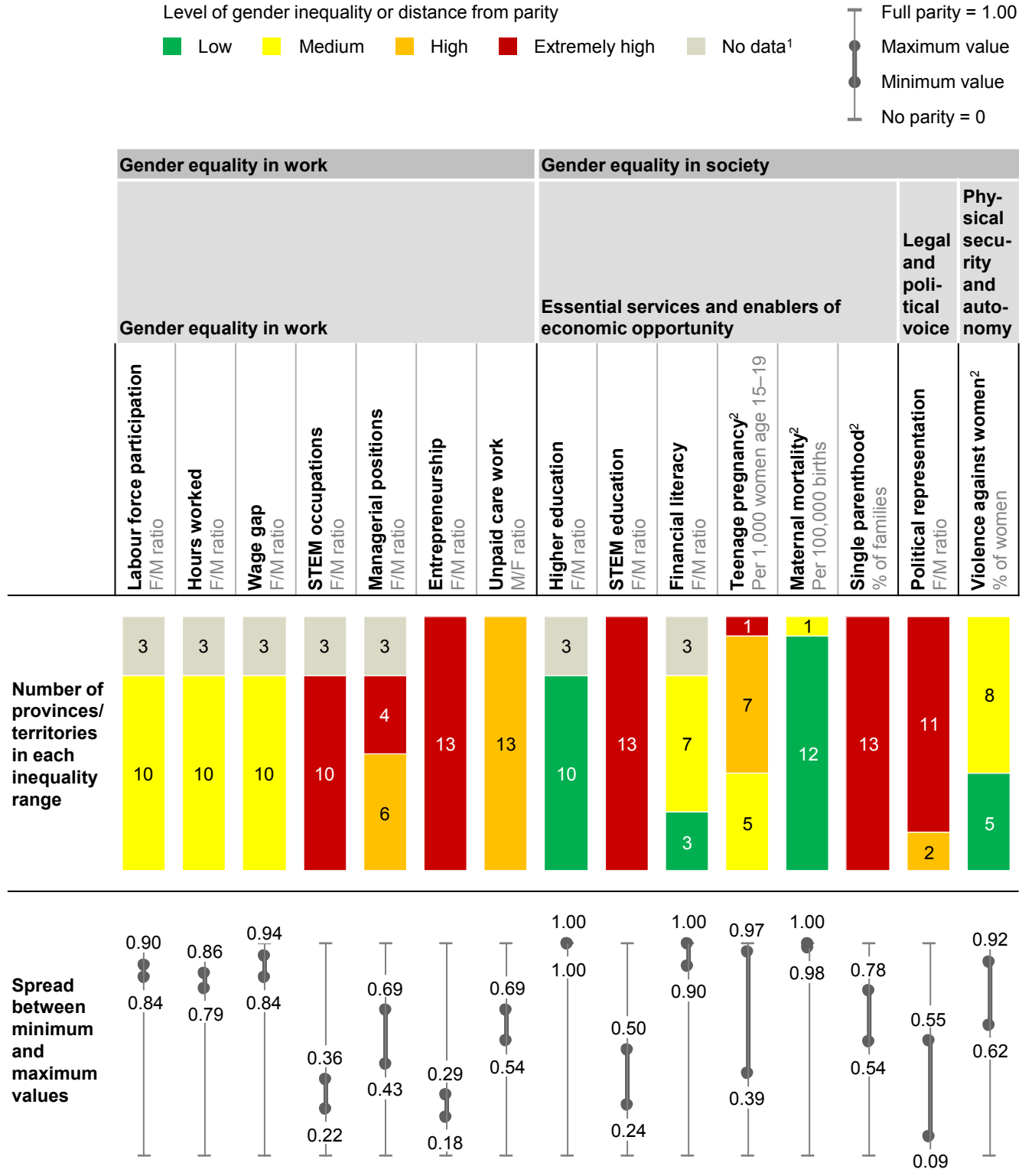
4 "Who we are," White Ribbon, www.whiteribbon.ca.

5 Ibid. Kate McInturff. *The Gap in the Gender Gap*, July 2013.

6 Ibid. Government of Canada, *Breaking the silence*, February 2017.

Exhibit 11

Provincial and territorial indicator results are largely similar for women in work but show some variability in women in society


Level of gender inequality or distance from parity
Low
Medium
High
Extremely high
No data[1]
Full parity = 1.00
Maximum value
Minimum value
No parity = 0
Gender equality in work
Gender equality in society
Gender equality in work
Essential services and enablers of economic opportunity
Legal and political voice
Physical security and autonomy
Labour force participation F/M ratio
Hours worked F/M ratio
Wage gap F/M ratio
STEM occupations F/M ratio
Managerial positions F/M ratio
Entrepreneurship F/M ratio
Unpaid care work M/F ratio
Higher education F/M ratio
STEM education F/M ratio
Financial literacy F/M ratio
Teenage pregnancy[2] Per 1,000 women age 15–19
Maternal mortality[2] Per 100,000 births
Single parenthood[2] % of families
Political representation F/M ratio
Violence against women[2] % of women
Number of provinces/ territories in each inequality range
3 3 3 3 3 3 3 3 3 3 1 1 3 3
10 10 10 10 4 6 13 13 10 13 7 3 7 5 12 13 11 2 8 5
Spread between minimum and maximum values
0.90 0.84
0.86 0.79
0.94 0.84
0.36 0.22
0.69 0.43
0.29 0.18
0.69 0.54
1.00 1.00
0.50 0.24
1.00 0.90
0.97 0.39
1.00 0.98
0.78 0.54
0.55 0.09
0.92 0.62

1 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.
2 For teenage pregnancy, maternal mortality, single parenthood, and violence against women, values are converted to a 0 to 1 scale, with 1 representing the lowest global prevalence rate and 0 representing the highest. For details on the global prevalence rates refer to the appendix.

SOURCE: Statistics Canada; Parliament of Canada; McKinsey Global Institute analysis

Exhibit 12

Indicator results by province/territory

Level of gender inequality or distance from parity

Low | Medium | High | Extremely high | No data[1]

	Gender equality in work							Gender equality in society							
	Gender equality in work							Essential services and enablers of economic opportunity						Legal and political voice	Physical security and autonomy
	Labour force participation F/M ratio	Hours worked F/M ratio	Wage gap F/M ratio	STEM occupations F/M ratio	Managerial positions F/M ratio	Entrepreneurship F/M ratio	Unpaid care work M/F ratio	Higher education F/M ratio	STEM education F/M ratio	Financial literacy F/M ratio	Teenage pregnancy[2] Per 1,000 women age 15–19	Maternal mortality[2] Per 100,000 births	Single parenthood[2] % of families	Political representation F/M ratio	Violence against women[2] % of women
Canada	0.87	0.84	0.88	0.30	0.53	0.24	0.56	1.13	0.38	0.94	11.01	5.77	20	0.41	4
Newfoundland and Labrador	0.88	0.81	0.87	0.36	0.61	0.22	0.56	1.24	0.34	0.92	16.10	0.00	23	0.36	3
Prince Edward Island	0.89	0.82	0.94	0.31	0.50		0.55	1.22	0.31	0.94	12.03	0.00	23	0.21	5
Nova Scotia	0.90	0.84	0.94	0.27	0.69		0.55	1.28	0.42	0.93	16.56	0.00	26	0.32	5
New Brunswick	0.89	0.84	0.92	0.22	0.64		0.57	1.31	0.24	0.96	16.00	28.06	24	0.31	5
Quebec	0.88	0.86	0.87	0.29	0.55	0.22	0.58	1.11	0.38	0.95	8.09	3.38	19	0.40	3
Ontario	0.87	0.85	0.88	0.30	0.55	0.27	0.56	1.11	0.41	0.93	8.37	9.88	21	0.52	5
Manitoba	0.86	0.83	0.90	0.30	0.43	0.19	0.59	1.19	0.37	0.90	25.26	0.00	22	0.34	5
Saskatchewan	0.85	0.79	0.87	0.36	0.45	0.24	0.57	1.25	0.37	1.02	29.01	0.00	23	0.43	6
Alberta	0.84	0.81	0.84	0.29	0.47	0.18	0.54	1.15	0.41	0.98	15.10	1.91	18	0.42	6
British Columbia	0.88	0.83	0.87	0.30	0.53	0.29	0.56	1.12	0.32	0.94	7.54	4.55	19	0.55	4
Yukon	-	-	-	-	-		0.69	-	0.50	-	17.89	0.00	26	0.50	9
Northwest Territories	-	-	-	-	-		0.67	-		-	26.28	0.00	27	0.11	11
Nunavut	-	-	-	-	-		0.67	-		-	124.29	0.00	29	0.09	13

1 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.

SOURCE: Statistics Canada; Parliament of Canada; McKinsey Global Institute analysis

On work-related gender inequality, female-to-male ratios (or male-to-female ratio in the case of unpaid care work) for all provinces/territories are less than 0.15 apart, compared with a spread as wide as 0.75 in the United States.[42] The only exception to this uniformity is managerial positions where the Prairie Provinces, Alberta, Manitoba, and Saskatchewan, exhibit more extreme inequality than other provinces. This may be a reflection of their economies being more reliant on goods-producing sectors that tend to be male-dominated, particularly at the level of management.[43] However, it is interesting to note that a cross-sectional analysis of the Canadian population reveals that immigrant women are much more disadvantaged on work-related indicators (Box 6, "Gender disparities are evident when immigrants are admitted and persist in work").

[42] Ibid. McKinsey Global Institute, *The power of parity US report,* April 2016.

[43] *Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories*, Statistics Canada CANSIM table 379-0030, May 1, 2017.

Box 6. Gender disparities are evident when immigrants are admitted and persist in work

At the time of the last Canadian census in 2011, 20.6 percent of the Canadian population was foreign-born—the highest percentage of any G8 country.[1] Of this population, 17.2 percent had recently immigrated between 2006 and 2011. As a result of immigration, the demographics of the Canadian population are always changing, necessitating a closer examination of gender equality within the immigrant population.

Gender disparity begins when immigrants first arrive in Canada. Although more women immigrants are admitted overall, the number of women who were the principal applicant in the economic class of immigration is markedly lower than the number of men (Exhibit 13). This is noteworthy because principal applicants are the subset of immigrants with the highest labour force participation rates in Canada, a natural consequence of the fact that they are typically admitted based on their skills and ability to contribute to the economy.

Immigrant women also face greater challenges in participating in the labour force than Canadian-born women; the gap between immigrant women and men is more pronounced than that between Canadian-born women and men. Immigrant women:

- **Participate in the labour force at a lower rate.** The labour force participation rate for immigrant women is 56.9 percent, compared with 62.9 percent for Canadian-born women. In contrast, the rates for immigrant and Canadian-born men are very close, at 69.7 percent and 70.5 percent respectively.
- **Take longer to integrate into the labour force and to become employed.** Immigrant men reach labour force participation and employment rates comparable with their Canadian-born counterparts after five years, but immigrant women are still at lower labour force participation and employment rates after 20 years (Exhibit 14).
- **Are more likely to report a mismatch between the skill requirements of their occupation and their education level.** Just over 48 percent of working immigrant women with a bachelor's level education or higher are working in positions that do not typically require a degree, compared with 32.8 percent of Canadian-born women, 41 percent of immigrant men, and 28.3 percent of Canadian-born men.

These findings may reflect the fact that there are more skilled immigrant men than women. Nonetheless, they suggest that immigrant women need more targeted support to reach their full working potential.

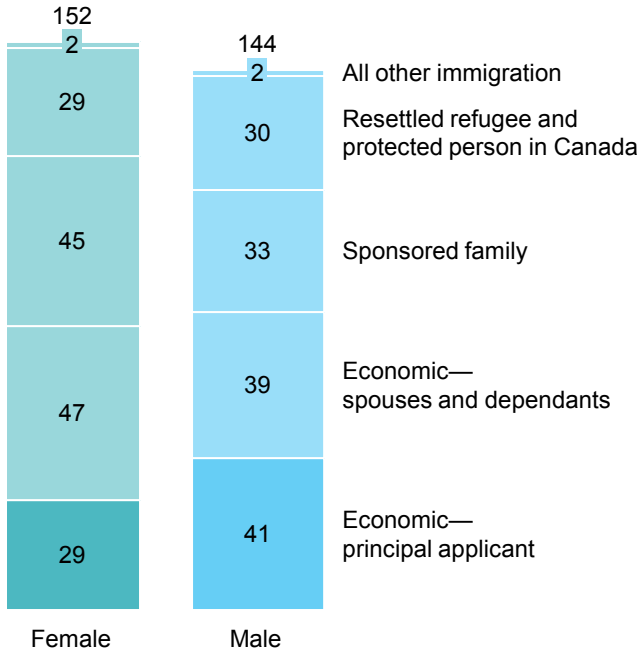
Gender disparity also appears beyond entry and work prospects, but here immigrant women and Canadian-born women face equal levels of inequality. The female-to-male ratio for degrees in higher education, financial literacy, and federal political representation, and the percentage of the population of women subject to family violence, are all similar for the two groups.

[1] Foreign born includes immigrants with a negligible portion of Canadian citizens born outside of Canada. For the purposes of this analysis, we adopt the approach taken by Statistics Canada of equating foreign-born to immigrants. See *Immigration and ethnocultural diversity in Canada*, Statistics Canada, 2011.

Exhibit 13

The number of women who were the principal applicant in the economic class immigration was markedly lower than the number of men

Thousand immigrants, 2016



SOURCE: Immigration, Refugees and Citizenship Canada; McKinsey Global Institute analysis

On gender inequality in society, there are some variations among provinces and territories on teenage pregnancy, political representation, and violence against women. The greatest variation is observed in teenage pregnancy: provinces including British Columbia, Ontario, and Quebec report fewer than ten births per 1,000 teenaged women, but Nunavut has 124 births per 1,000. To put this in context, the results of the first group is similar to the EU average, while Nunavut's results are on par with the Democratic Republic of Congo.[44] Research often correlates a challenging socioeconomic environment with spikes in teenage pregnancy and postulates that the prevalence of teenage pregnancy is partially driven by a lack of economic opportunities for young women.[45]

Political representation is a complex issue, and there are many theories about the role played by underlying demand and supply factors. Although no simple conclusion can be drawn, a number of studies refer to the different priorities of political parties as a possible explanation for the variation among provinces and territories. Data suggest that provinces and territories with a greater proportion of their assembly led by left-leaning parties such as the New Democratic Party and the Liberal Party are more likely to have greater female political representation than those with more seats occupied by right-leaning parties like the Progressive Conservative Party.[46] Today, women occupy 47 percent of New Democratic

[44] Adolescent fertility rate, The World Bank, data.worldbank.org/indicator/SP.ADO.TFRT.

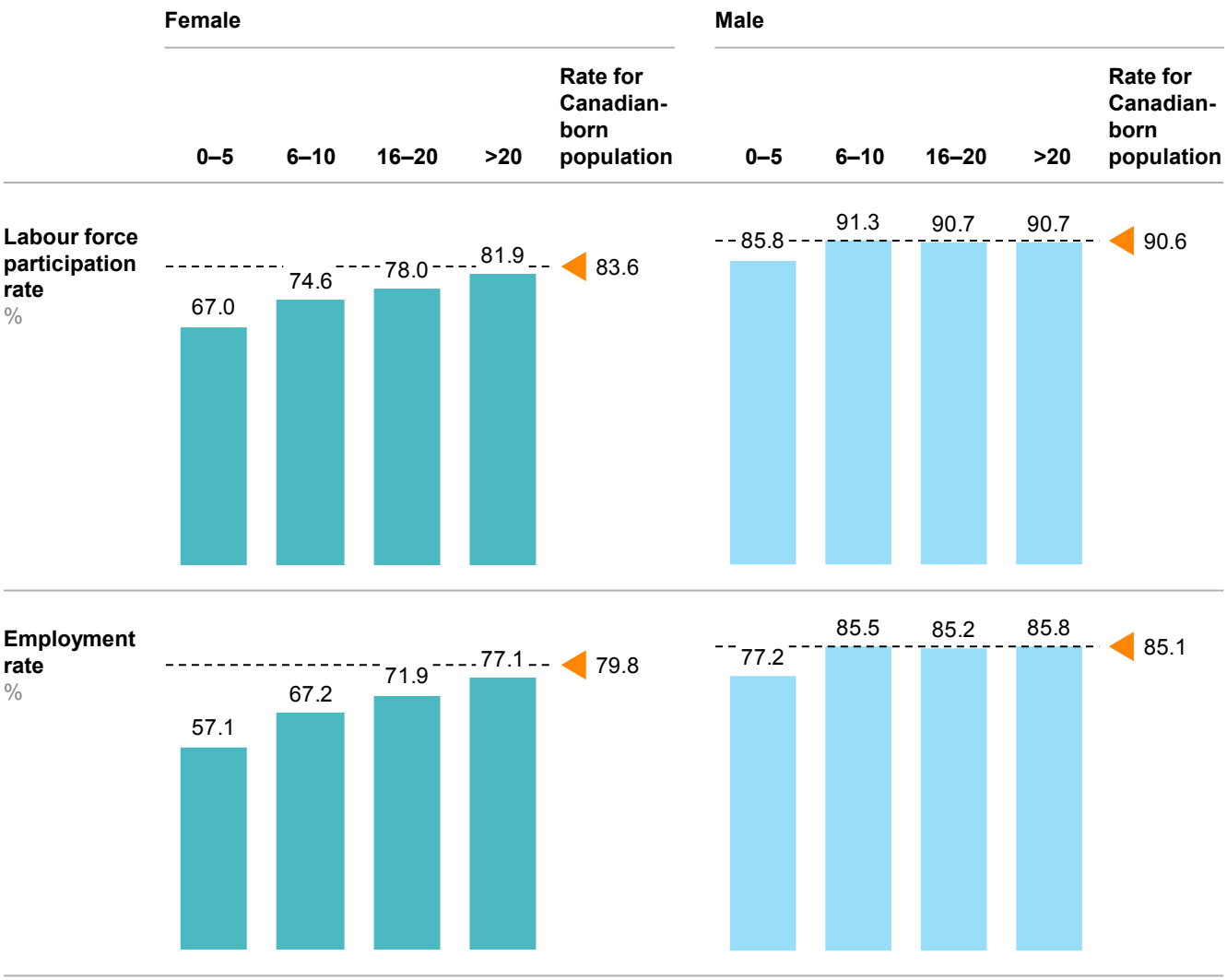
[45] Alexander McKay, "Trends in Canadian national and provincial/territorial teen pregnancy rates: 2001-2010," *The Canadian Journal of Human Sexuality*, volume 21, numbers 3 to 4, 2012.

[46] Brenda O'Neill, "Unpacking gender's role in political representation in Canada," *Canadian Parliamentary Review*, volume 38, number 2, 2015; Brenda O'Neill, "Variation in women's status across the provinces," in *Provinces: Canadian Provincial Politics, Third Edition*, Christopher Dunn, ed., University of Toronto Press, 2016.

Exhibit 14

Immigrant women also take longer to integrate into the labour force and to become employed than immigrant men

Rate for immigrants aged 25–54 having arrived in Canada within the past x–y years



SOURCE: *Women in Canada: A Gender-based Statistical Report*, Statistics Canada, 2015–2016; McKinsey Global Institute analysis

Party provincial and territorial seats, compared with 29 percent for the Liberal Party and 17 percent for the Progressive Conservative Party.[47]

In the case of violence against women, the territories, particularly Nunavut and the Northwest Territories, have a higher prevalence than all other provinces. The territories have larger Aboriginal populations that experience higher overall rates of violence against women. Nunavut's female population is 87.3 percent Aboriginal, that of the Northwest Territories is 53.5 percent, and that of the Yukon 24.5 percent. This compares with between 1.8 percent and 16.9 percent in the provinces.[48]

[47] "Party leaders and standing," Library of Parliament, https://lop.parl.ca/.
[48] Ibid. Statistics Canada, *Women in Canada (89-503-X)*, 2010.

IN MUNICIPALITIES, TOO, INDICATORS OF GENDER INEQUALITY ARE RELATIVELY HOMOGENOUS, POINTING TO CLEAR PRIORITY AREAS FOR ACTION

Nearly half of Canadians—47 percent—live in the top six Census Metropolitan Areas (CMAs) of Toronto, Montreal, Vancouver, Calgary, Ottawa-Gatineau, and Edmonton, each of which has a population of more than one million.[49] A further 23 percent reside in the next 27 CMAs, each with a population between 100,000 and one million. Given that 70 percent of Canadians live in large cities and are vital to the Canadian economy, we analyzed our 15 gender inequality indicators at the CMA level to ascertain where the priorities for action lie.

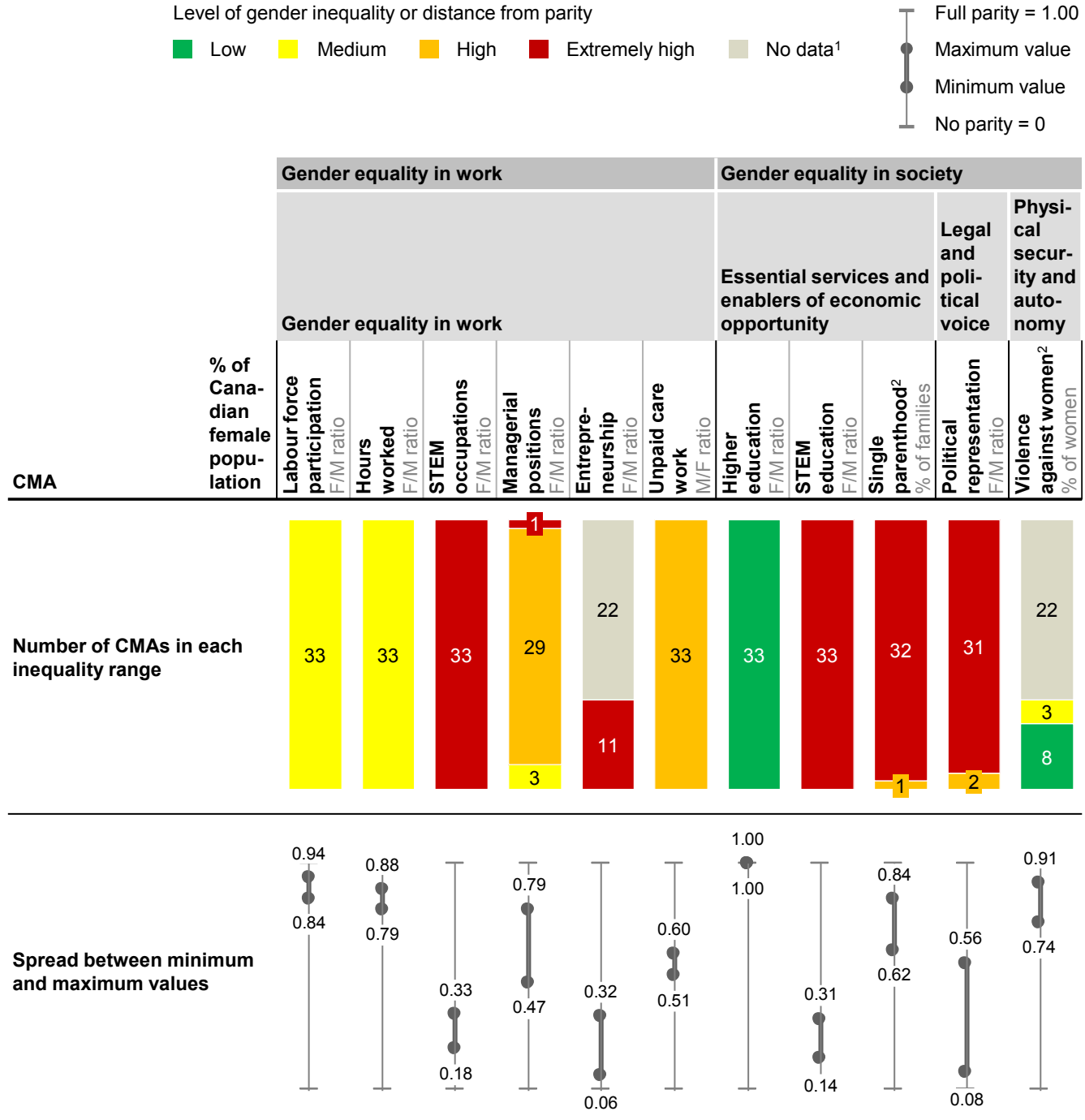
As noted, we look at 11 indicators at the city level and find that CMAs have high or extremely high inequality on seven of them, namely STEM occupations, managerial positions, unpaid care work, entrepreneurship, single parenthood, STEM education, and political representation (Exhibits 15, 16, and 17). These are the same seven identified in the national and provincial and territorial analyses, reaffirming these areas as important priorities for action. Results on all indicators are also largely comparable between cities and Canada as a whole, which may reflect the widespread accessibility of social services and economic opportunities in both urban and rural areas in Canada.

All cities have very similar scores across virtually all indicators, and our analysis did not suggest any meaningful difference between the top six CMAs and the next 27 CMAs. The only exception to this uniformity was political representation, where there is considerable variation. Cities including Brantford and Windsor have female-to-male ratios as low as 0.09, while Saskatoon and Victoria, for instance, have ratios as high as 0.56 and 0.55, respectively. However, it is difficult to draw any plausible conclusions from the political representation indicator alone, as this is likely to fluctuate.

[49] Statistics Canada defines a census metropolitan area (CMA) as one or more adjacent municipalities centred on a population centre (known as the core). A CMA must have a total population of at least 100,000, 50,000 or more of which must live in the core. Canada has 33 Census Metropolitan Areas per the 2011 census.

Exhibit 15

CMAs have high or extremely high inequality on the same seven indicators identified for Canada overall and have very similar results



1 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.
2 For single parenthood and violence against women, values are converted to a 0 to 1 scale, with 1 representing the lowest global prevalence rate and 0 representing the highest. For details on the global prevalence rates refer to the appendix.

SOURCE: Statistics Canada; Parliament of Canada; McKinsey Global Institute analysis

Exhibit 16

Indicator results by CMA—top 6 CMAs

Level of gender inequality or distance from parity

Low | Medium | High | Extremely high | No data[1]

		Gender equality in work						Gender equality in society				
		Gender equality in work						Essential services and enablers of economic opportunity			Legal and political voice	Physical security and autonomy
CMA	% of Canadian female population	Labour force participation F/M ratio	Hours worked F/M ratio	STEM occupations F/M ratio	Managerial positions F/M ratio	Entrepreneurship F/M ratio	Unpaid care work M/F ratio	Higher education F/M ratio	STEM education F/M ratio	Single parenthood[2] % of families	Political representation F/M ratio	Violence against women[2] % of women
Top 6 CMAs[1]	47.2	0.87	0.86	0.29	0.61	0.24	0.55	1.07	0.27	19	0.31	4
Toronto	17.1	0.85	0.87	0.30	0.63	0.26	0.53	1.07	0.31	19	0.30	4
Montreal	11.7	0.88	0.87	0.29	0.59	0.20	0.56	1.07	0.24	19	0.41	3
Vancouver	7.1	0.88	0.85	0.26	0.61	0.28	0.54	1.07	0.26	17	0.45	4
Calgary	3.9	0.87	0.86	0.29	0.54	0.21	0.54	1.01	0.26	16	0.13	4
Ottawa-Gatineau	3.8	0.92	0.87	0.33	0.67	0.32	0.59	1.07	0.29	19	0.21	4
Edmonton	3.7	0.85	0.82	0.28	0.59	0.15	0.54	1.12	0.20	19	0.08	5

1 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.
2 The top 6 CMAs each have population over one million and the next 27 CMAs each have population between 100,000 and one million. Results at this aggregate level are obtained by weighting individual CMA results by its respective 2016 female population.

SOURCE: Statistics Canada; municipal governments of Canada; McKinsey Global Institute analysis

Exhibit 17

Indicator results by CMA—next 27 CMAs

Level of gender inequality or distance from parity

Low | Medium | High | Extremely high | No data[1]

		Gender equality in work						Gender equality in society				
		Gender equality in work						Essential services and enablers of economic opportunity			Legal and political voice	Physical security and autonomy
CMA	% of Canadian female population	Labour force participation F/M ratio	Hours worked F/M ratio	STEM occupations F/M ratio	Managerial positions F/M ratio	Entrepreneurship F/M ratio	Unpaid care work M/F ratio	Higher education F/M ratio	STEM education F/M ratio	Single parenthood[2] % of families	Political representation F/M ratio	Violence against women[2] % of women
Next 27 CMAs[2]	23.4	0.89	0.85	0.26	0.63	0.24	0.57	1.15	0.19	21	0.29	6
Quebec	2.3	0.91	0.88	0.33	0.57	-	0.60	1.05	0.20	16	0.45	-
Winnipeg	2.2	0.88	0.85	0.27	0.63	0.18	0.58	1.14	0.22	22	0.25	5
Hamilton	2.1	0.88	0.84	0.26	0.59	0.32	0.55	1.13	0.21	22	0.31	-
Kitchener- Waterloo[3]	1.5	0.86	0.87	0.27	0.62	-	0.55	1.07	0.23	20	0.32	-
London	1.4	0.87	0.85	0.27	0.60	-	0.56	1.14	0.21	23	0.27	-
St. Catharines- Niagara	1.2	0.89	0.84	0.23	0.67	-	0.56	1.15	0.14	25	0.18	-
Halifax	1.1	0.92	0.86	0.22	0.67	-	0.55	1.22	0.23	24	0.12	6
Oshawa	1.1	0.91	0.85	0.28	0.69	-	0.57	1.24	0.19	22	0.10	-
Victoria	1.1	0.93	0.85	0.27	0.69	0.29	0.58	1.11	0.21	21	0.56	-
Windsor	0.9	0.88	0.83	0.21	0.65	-	0.57	1.11	0.17	24	0.09	-
Saskatoon	0.8	0.85	0.80	0.31	0.58	-	0.55	1.13	0.22	20	0.55	9
Regina	0.7	0.90	0.85	0.27	0.71	-	0.57	1.11	0.18	23	0.27	-
Sherbrooke	0.6	0.94	0.86	0.27	0.47	-	0.59	1.15	0.17	19	0.40	-
St. John's	0.6	0.88	0.85	0.23	0.79	0.06	0.55	1.24	0.24	23	0.09	5
Barrie	0.6	0.90	0.83	0.20	0.58	-	0.54	1.36	0.15	21	0.18	-
Kelowna	0.6	0.86	0.79	0.24	0.57	-	0.57	1.11	0.13	22	0.44	-
Abbotsford-Mission	0.5	0.85	0.81	0.18	0.50	-	0.51	1.10	0.14	19	0.44	-
Greater Sudbury	0.5	0.92	0.82	0.22	0.77	-	0.60	1.30	0.13	24	0.31	-
Kingston	0.5	0.92	0.86	0.32	0.69	-	0.59	1.12	0.22	23	0.31	-
Saguenay	0.5	0.84	0.81	0.20	0.59	-	0.59	1.04	0.12	16	0.25	-
Trois-Rivières	0.4	0.89	0.83	0.24	0.58	-	0.58	1.11	0.14	21	0.25	-
Guelph	0.4	0.93	0.86	0.28	0.58	-	0.56	1.17	0.27	18	0.31	-
Moncton	0.4	0.89	0.86	0.26	0.60	-	0.58	1.27	0.18	23	0.27	-
Brantford	0.4	0.89	0.82	0.21	0.68	-	0.55	1.20	0.15	25	0.09	-
Saint John	0.4	0.90	0.84	0.24	0.71	-	0.54	1.30	0.16	26	0.18	6
Peterborough	0.4	0.89	0.87	0.27	0.70	-	0.58	1.20	0.18	24	0.18	-
Thunder Bay	0.3	0.92	0.82	0.21	0.79	0.28	0.60	1.25	0.13	25	0.23	-

1 No data means original data from the Statistics Canada survey is suppressed to preserve confidentiality.
2 The top 6 CMAs each have population over one million and the next 27 CMAs each have population between 100,000 and one million. Results at this aggregate level are obtained by weighting individual CMA results by its respective 2016 female population.
3 Kitchener-Waterloo is short for Kitchener-Cambridge-Waterloo.

SOURCE: Statistics Canada; municipal governments of Canada; McKinsey Global Institute analysis

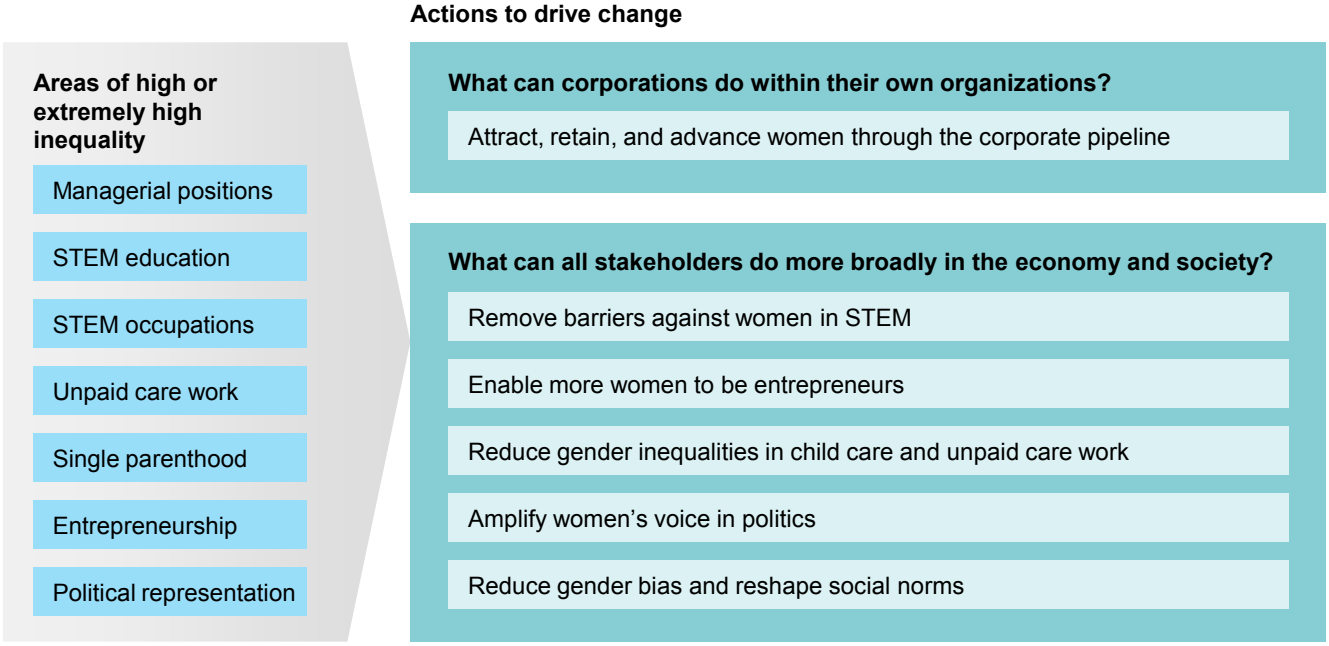
SIMILAR RESULTS ON GENDER INEQUALITY AT ALL LEVELS OF CANADA'S SOCIETY AND WORKPLACES SUGGEST CLEAR PRIORITIES FOR ACTION

The fact that patterns of inequality are so uniform whether we look at the national, provincial, territorial, or municipal levels points to priority areas that need to be tackled and offers an opportunity to forge an action plan that will address this issue across the nation. That plan should prioritize types of gender inequality that are today extremely high or high.

Any action plan needs to take account of the links between gender inequality in society and in work, and all stakeholders have a role to play. Corporations are a key stakeholder and can affect change within their own workplace by focusing measures on attracting, retaining, and advancing women through the corporate leadership pipeline. Simultaneously, all stakeholders can prioritize initiatives on removing barriers in the pipeline for women in STEM, enabling more women to be entrepreneurs, alleviating and redistributing the burden of child care and unpaid care work, increasing women's voice in politics, and reducing gender bias and reshaping social gender norms (Exhibit 18).

Exhibit 18

Advancing women's equality in Canada calls for actions to be taken within corporations and in the economy and society at large


Actions to drive change
Areas of high or extremely high inequality
Managerial positions
STEM education
STEM occupations
Unpaid care work
Single parenthood
Entrepreneurship
Political representation
What can corporations do within their own organizations?
Attract, retain, and advance women through the corporate pipeline
What can all stakeholders do more broadly in the economy and society?
Remove barriers against women in STEM
Enable more women to be entrepreneurs
Reduce gender inequalities in child care and unpaid care work
Amplify women's voice in politics
Reduce gender bias and reshape social norms

SOURCE: McKinsey Global Institute analysis

•••

The evidence suggests that action on a number of aspects of gender inequality is necessary to unlock the $150 billion economic opportunity. Action needs to be taken by all societal stakeholders, including corporations. In the next chapter, we look in detail at gender inequality within corporate Canada and propose a number of key initiatives that could prove effective in narrowing gender gaps.

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3. IMPROVING CORPORATE GENDER DIVERSITY

Every corporation in Canada has a role to play in advancing gender equality in Canada, and each could potentially gain from the added economic growth. McKinsey & Company's 2008 "Women Matter" study showed that companies' use of the different leadership styles women tend to have correlates with improved corporate performance.[50] Organizations need to use all available talent—female and male—if they are to capture the full potential of the economic benefits available from more gender balance, though we acknowledge doing so is difficult given women's continued underrepresentation in the workforce.

In this chapter, we use data from three surveys to explore and explain women's underrepresentation at different organizational levels within companies, particularly in leadership echelons, and also focus on the loss of female talent that many companies experience.[51] The first of the three surveys is the pipeline survey that collected employment data from 69 small and large Canadian companies across all industries, which revealed that women and men tend to join the workforce at similar rates but that qualified females are left behind, performing staff roles at work or leaving their paid jobs altogether as their male counterparts progress through the ranks of leadership. The second and third surveys focused on the reasons behind this talent loss. They are the HR practices survey of the formal policies of 68 Canadian companies, and the employee experience survey of more than 3,000 employees within a subset of surveyed companies. The data identify several reasons for the current situation, including: the disproportionate burden of unpaid care work on women; attitudes that are biased against women at work and female leadership in particular; a shortage of support for female advancement; and a potential shortage of networking expertise among ambitious women.

We use the five dimensions of change employed by best-practice companies worldwide to examine the specific pain points that Canadian organizations face in each of them and propose actionable solutions.[52] We conclude that Canadian corporations need to undertake holistic change programs that will enable them to retain and develop their best female talent, adjusting their leadership models to realize the full benefits of a more inclusive workforce, and giving women the confidence and support they need to take on leadership roles and ensure they can succeed.

DESPITE AN ABUNDANT TALENT POOL, WOMEN ARE UNDERREPRESENTED IN LEADERSHIP ROLES

In 2016, 53 percent of all post-secondary graduates in Canada were women. The proportion of women with advanced degrees doubled between 1991 and 2015, outnumbering the share of men with similar levels of education.[53] Although 34 percent of all women with degrees are in the education and health fields, they are increasingly diversifying across fields of study. Despite these qualifications, women continue to be underrepresented in the workplace, and their presence dwindles as they rise through the leadership ranks (Exhibit 19).

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50 *Women Matter 2008: Female leadership, a competitive edge for the future*, McKinsey & Company, 2008.

51 The three surveys were conducted by McKinsey & Company Canada between February and May 2017. The company data reflect 2016 results, or earlier if unavailable. For more details, please see the appendix.

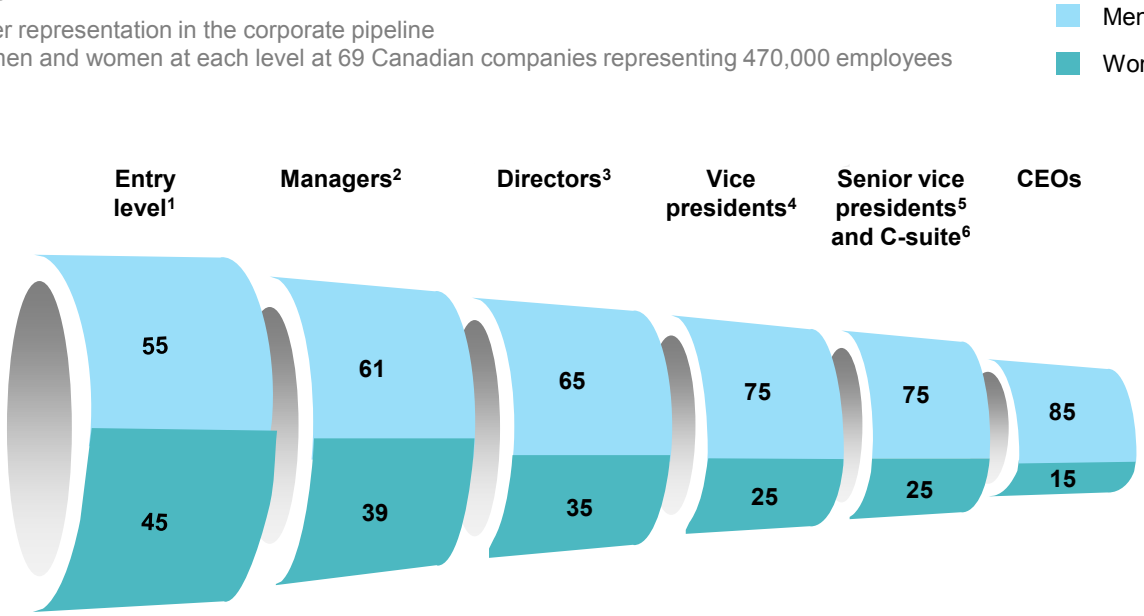
52 The five dimensions of change were developed through our Women Matter research, which collected and analyzed data from companies across the globe between 2007 and 2016.

53 Based on Statistics Canada education data. In 1996, 46.4 percent of post-secondary graduates were women and 53.6 percent men. In 2006, those shares were 53 percent and 47 percent, respectively.

Exhibit 19

Women are underrepresented at every level of the corporate pipeline, and their presence dwindles as they rise through the ranks

Gender representation in the corporate pipeline
% of men and women at each level at 69 Canadian companies representing 470,000 employees



1 Entry level: Employees who carry out discrete tasks and participate on teams, typically in an office or corporate setting.
2 Managers: Employees who have management responsibility over a store or team.
3 Directors: Seasoned managers with responsibility for multiple teams and discrete functions or operating units.
4 Vice presidents: Leaders of the organization who report directly to senior vice president.
5 Senior vice presidents: Senior leaders of the organization with significant business unit or functional oversight.
6 C-suite: Direct reports to the CEO, or those responsible for company operations and profitability.
NOTE: These numbers are based on a sample of 69 companies, including private ones. The public disclosure under "comply or explain" shows a smaller percentage of women at the C-suite executive level (15% in 2016).

SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

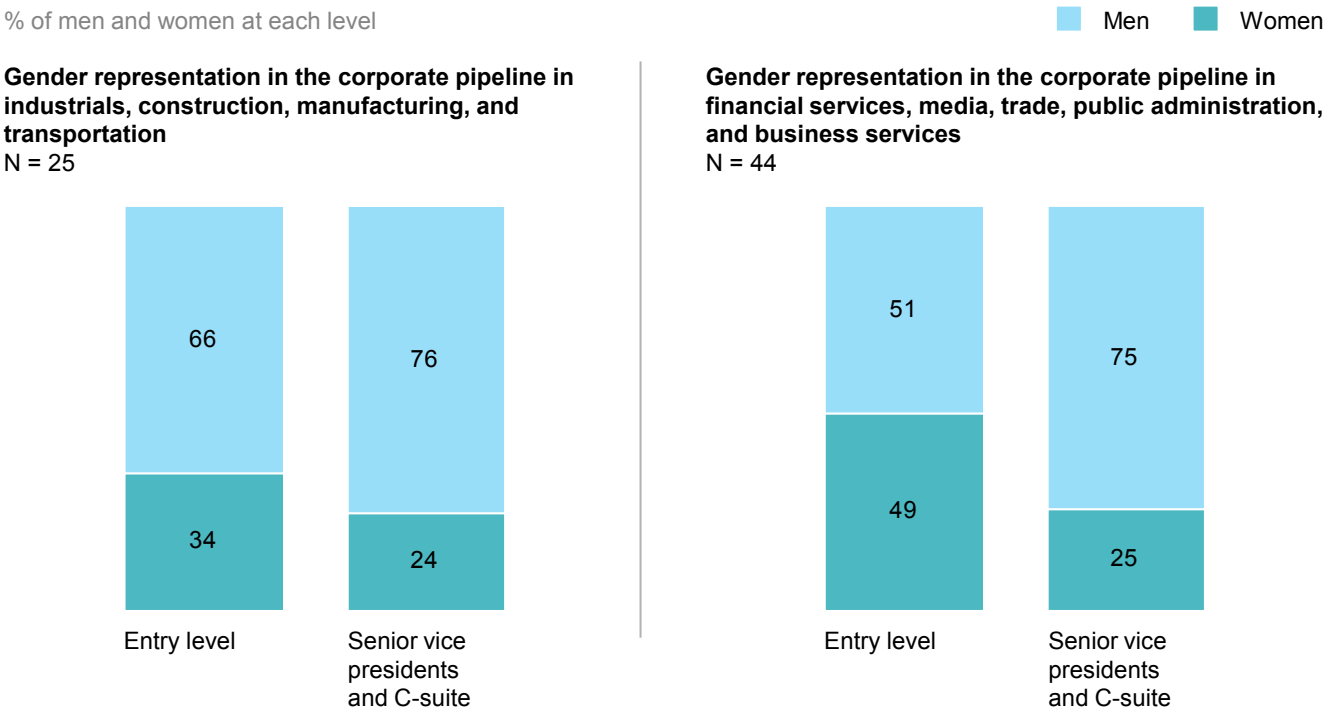
The pipeline survey showed that, on average, approximately 45 percent of all entry-level employees are female, but only 25 percent of vice presidents and 15 percent of CEOs. Because the sample is of willing participants across industries and company sizes, the results may provide a more positive perspective on women's participation in leadership. Public disclosures under "comply or explain" for all companies listed on the Toronto Stock Exchange revealed that only 15 percent of their top executives in 2015 were female, and that only one of the 60 companies on the S&P/TSX 60 Index has a female CEO.[54] This indicates that McKinsey's pipeline survey sample is slightly more gender diverse than listed companies. Regardless, segmentation by industry shows that the percentage of women leaders in industries where women make up 40 percent or less of the entry-level workers (one such industry is oil and gas) is roughly equal to the share of female leaders in industries (including finance and insurance) that have a stronger gender balance at the entry level. Overall, regardless of the industry and its share of women at the entry level, women make up a minority of the top leaders at the C-level or its equivalent (Exhibit 20).

[54] The comply-or-explain regime is a regulatory approach that requires companies to disclose information annually on the representation of women on their boards and in executive officer positions (see Box 8 in this chapter for more detail). The S&P/TSX 60 is an index of 60 large companies listed on the Toronto Stock Exchange.

Exhibit 20

Even when women represent an equal share of entry-level employees, they are a minority within leadership circles

% of men and women at each level



NOTE: Numbers may not sum due to rounding.

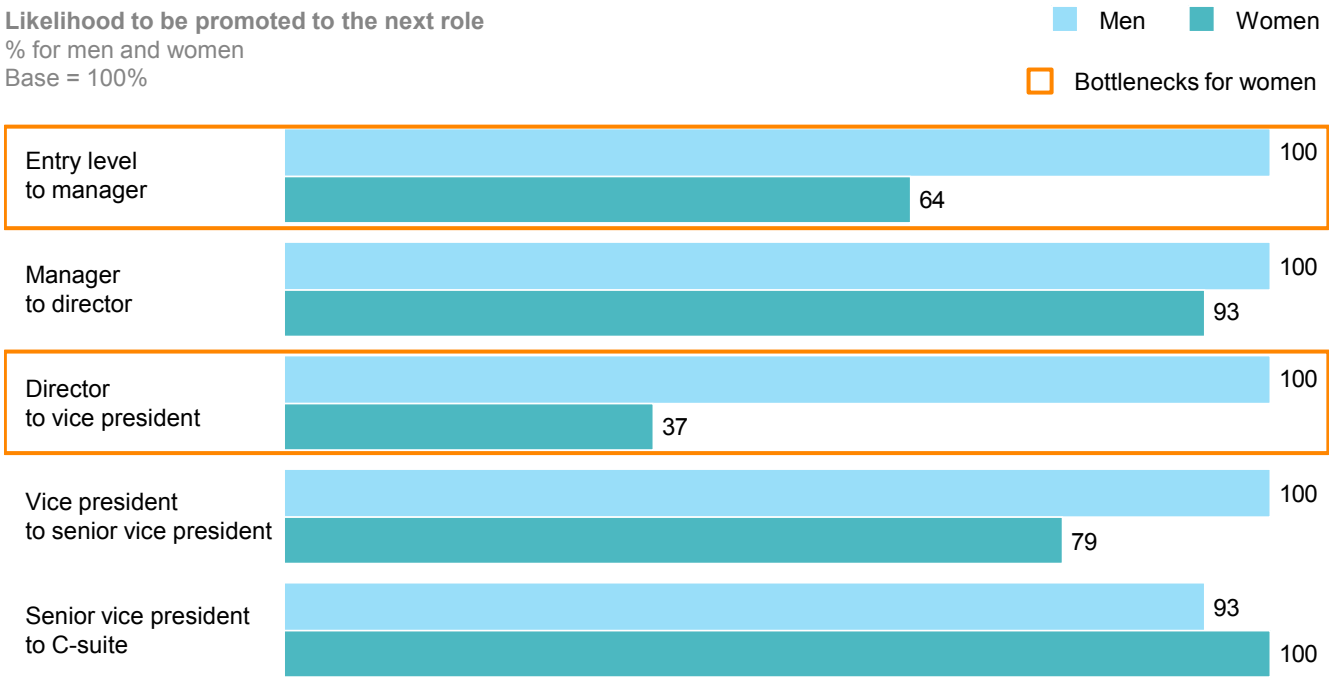
SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

Women's participation decreases at every level of the leadership ladder. It is clear that there are two major bottlenecks for female advancement. The first is promotion from entry-level roles to management positions, and the second is the transition from director to vice president. Once a woman is at the vice president level, her chances of advancement to senior vice president and C-level executive are comparable with those of a man (Exhibit 21).

A closer examination of the pipeline survey data revealed that attrition does not appear to be the major factor behind the loss of female talent. Transitions from middle to upper management typically occur ten to 20 years into a career, which coincides with the childbearing years for many educated Canadians. Therefore, one might assume that the drop in female promotions is due to women's departure from the workforce. However, the data show that women are less likely to leave their jobs than their male counterparts at many levels, including the two transition bottlenecks from entry level and director (Exhibit 22).

Exhibit 21

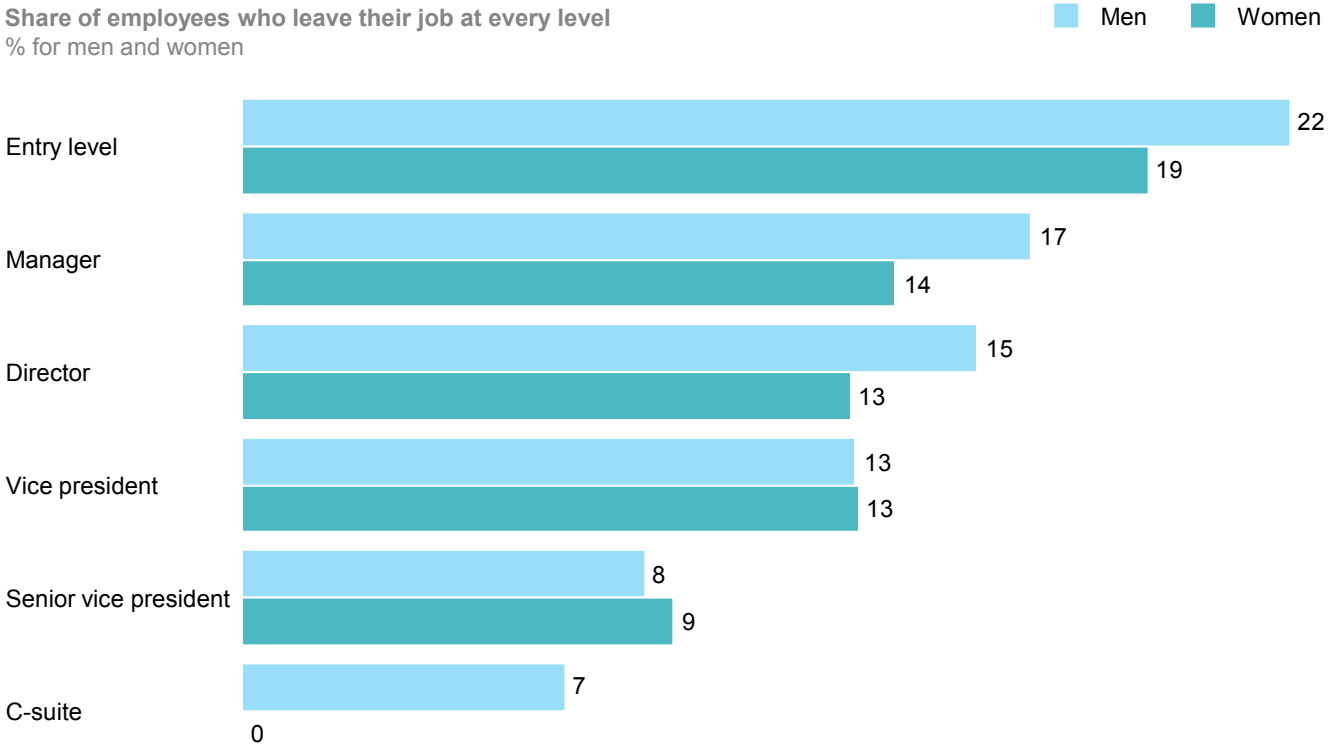
Women's likelihood of advancement is lower than men's, especially to the management and vice president levels



SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

Exhibit 22

Women leave less as they become more senior, and generally their attrition rate is less than their male counterparts

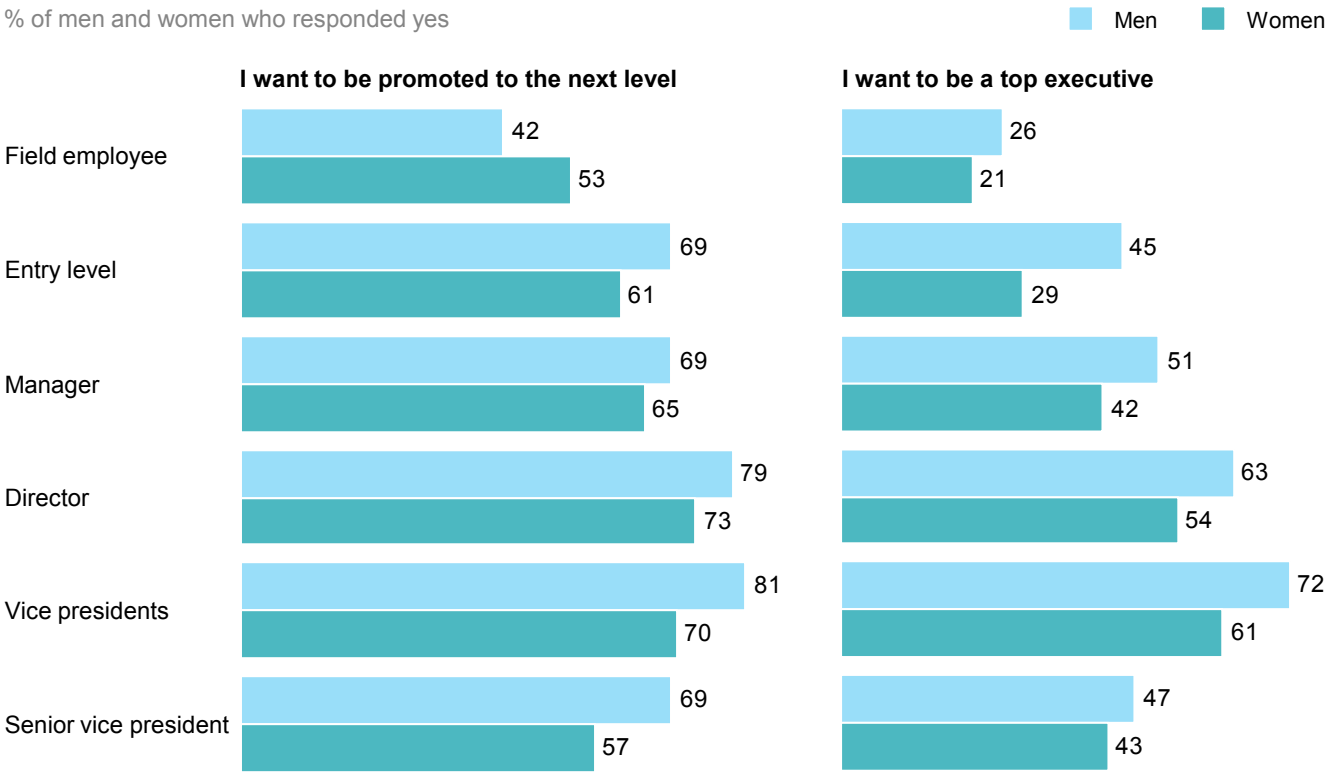


SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

Examination of data from the employee survey reveals that women and men at the entry and middle-management levels aspire to promotion at relatively similar rates, with an average of 66 percent for women and 74 percent for men. The gap between women and men expressing interest in top positions is larger, with women respondents scoring lower at almost all levels (Exhibit 23). However, this gap is smaller than those observed in many other parts of the world. For instance, women are, on average, 16 percent less likely to express interest in a top executive position in the United States.

Exhibit 23

Women and men aspire to promotions at relatively similar rates



SOURCE: McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

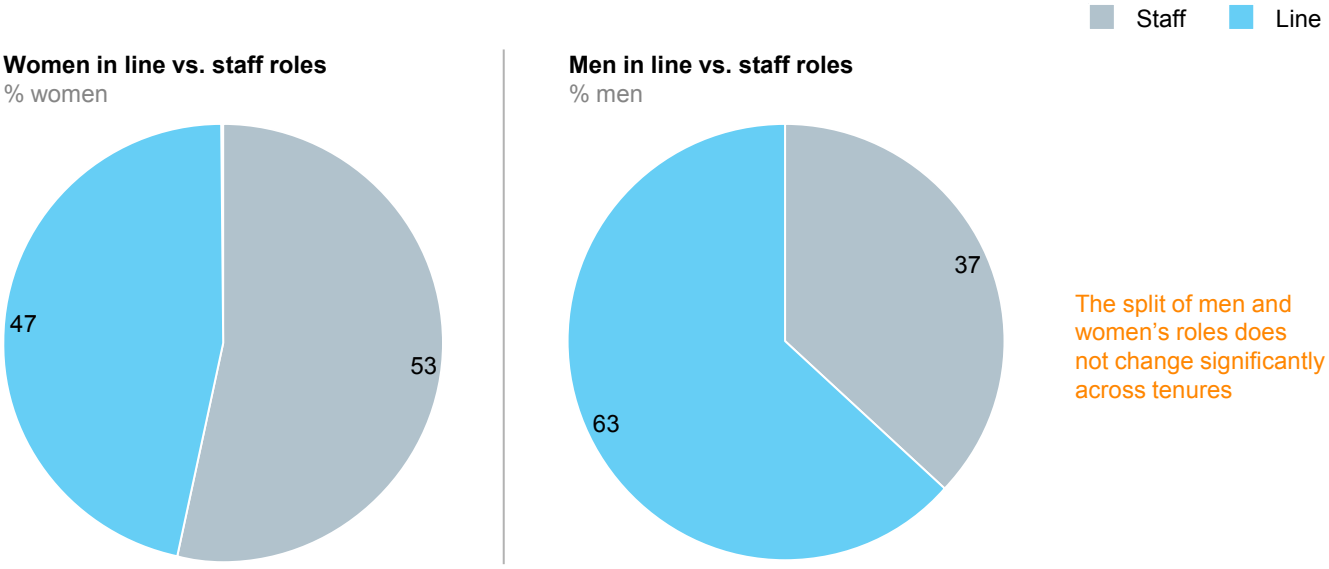
One of the primary reasons for the leakage of women at the transition from director to vice president is the shortage of sponsors for women in the vast majority of corporations. Because there are three times as many director positions as vice president ones, only a few of the directors are promoted to the next level. Sponsorship often plays a crucial role in these decisions, and our employee survey shows that men are twice as likely as women to have had a leader who is not their manager support their promotion.

The pipeline survey also showed that women and men often fill different types of positions in corporations, which may affect their potential for promotion. At every level of the organizations analyzed, women work predominantly in staff positions in the organization's support infrastructure (e.g., human resources professional, legal officer, office manager, executive assistant). By contrast, three in five men work in core business functions including general management, production and supply chain, marketing and sales, or research and development. These latter types of functions are more likely to have profit and loss responsibility and potentially a clearer path for career advancement (Exhibit 24).[55]

[55] *Unlocking the full potential of women at work*, McKinsey & Company, 2012.

Exhibit 24

At every level of the organization, women tend to be in staff roles, whereas men are in line roles with clearer paths for career advancement



SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

REALIZING THE FULL POTENTIAL OF GENDER DIVERSITY NECESSITATES THE PERSISTENT IMPLEMENTATION OF A HOLISTIC PROGRAM

To create opportunities for all women to advance in their careers and ascend to leadership ranks, organizations need to create the career advancement opportunities that women seek. Women will also need to commit to the sectors and roles that create paths to leadership. Best practice exists in Canadian companies that others can emulate, but initiatives need to be implemented effectively and measures to tackle gender imbalance in companies need to be sustained. Changing attitudes takes time, and persistence is vital.

A set of tried-and-tested initiatives set best-in-class companies apart. Over the past ten years, McKinsey & Company has examined companies and managers in its Women Matter research, built a case for the higher representation of women in top management positions, and explored concrete ways to change corporate attitudes toward women in the workplace.[56] The research has revealed that companies with diverse leadership have implemented a holistic change program that includes proven initiatives in five dimensions (Exhibit 25):

1. **CEO commitment and management cascade.** Change starts with a vocal commitment from the CEO and top leaders advocating the business case for diversity and undertaking clear supporting actions.

2. **Transparency and indicators tracking.** Employment data, including recruiting, promotion, and attrition, are tracked by gender, and performance is assessed against set targets.

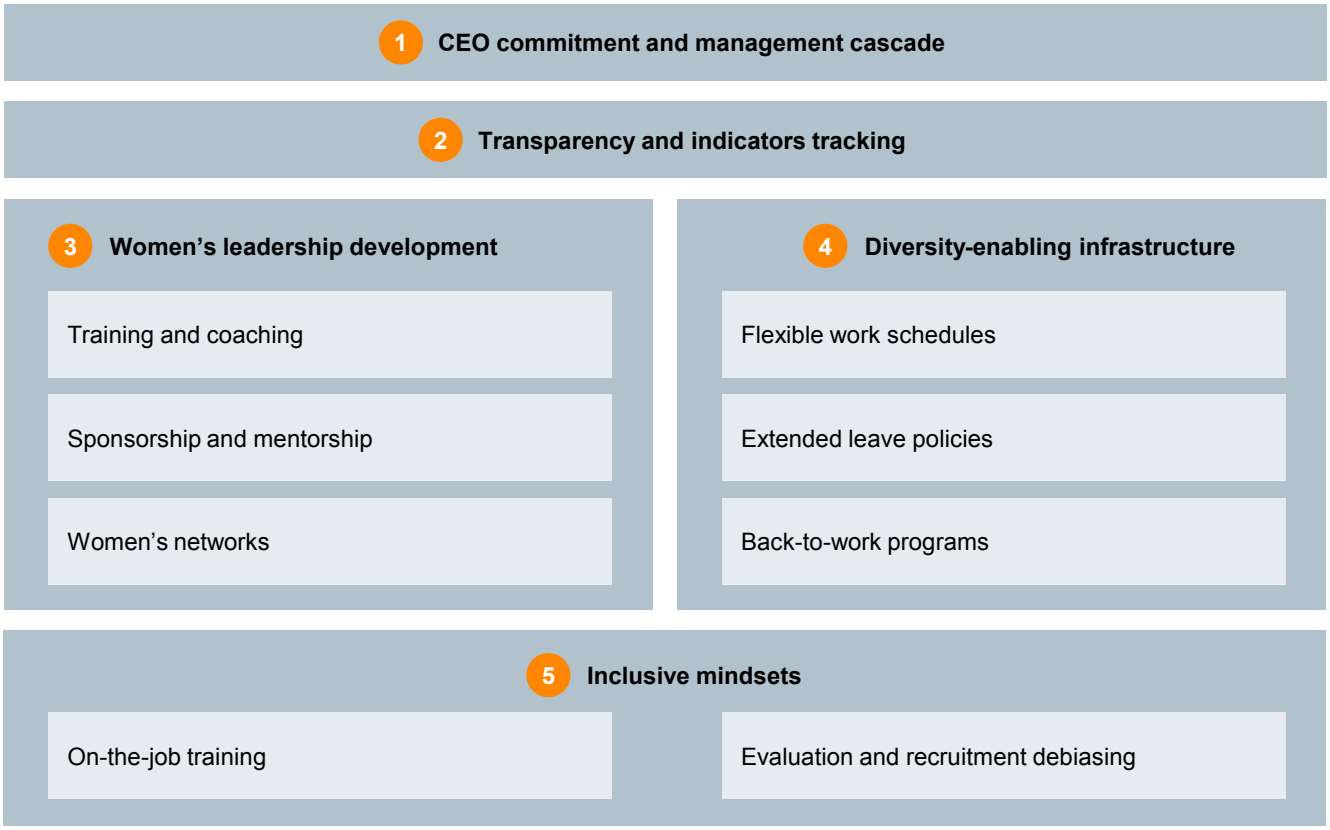
3. **Women's leadership development.** Formal programs are tailored to train future female leaders, and women are supported by formal networks, mentorship groups, and sponsorship programs.

[56] For all this research, see http://www.mckinsey.com/global-themes/women-matter.

Exhibit 25

The ecosystem that has been empirically shown to improve diversity comprises five dimensions for action

Dimensions for action



SOURCE: Women Matter 2016; McKinsey Global Institute analysis

4. **Diversity-enabling infrastructure.** Ways of working are put in place for women and men that give all employees flexibility in terms of work schedules and locations and make top careers compatible with work-life balance.

5. **Inclusive mindsets.** Formal training programs raise awareness of unconscious biases, and formal systems promote and value different leadership styles, ensuring that evaluation and promotion criteria reflect a diversity of performance models.

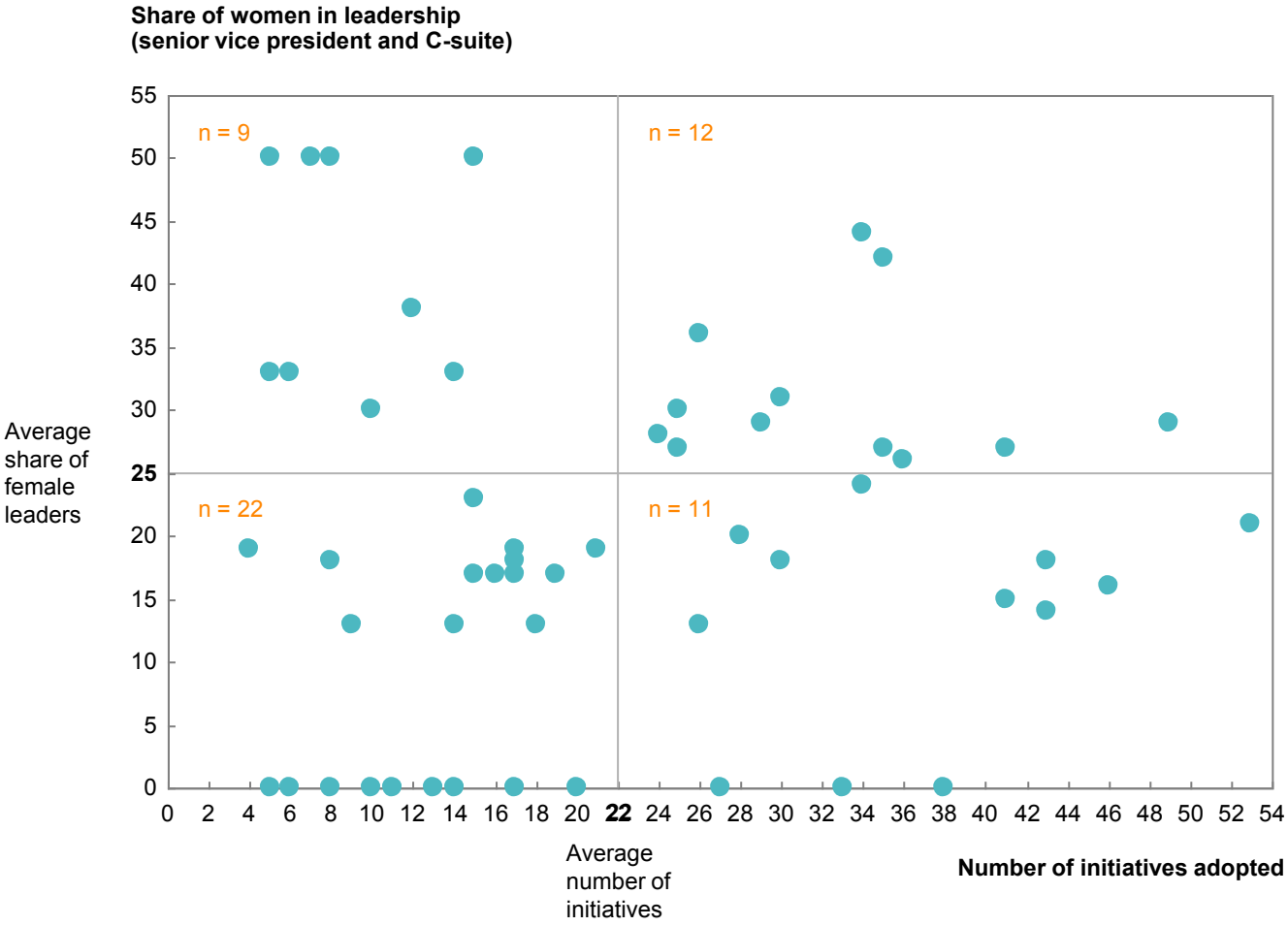
Successful companies undertake measures on all five dimensions in concert, producing an ecosystem for positive change. However, effective implementation is important. Although some of the companies in the HR practices survey have launched numerous programs, policies, and processes that reflect the best practices we have noted, the number of initiatives employed does not appear to be linked to outcomes. Half of all companies have implemented 20 or more of the 57 typical measures used to promote female inclusion including, for example, launching women's development programs, defining gender diversity indicators, and creating a neutral evaluation system (Exhibit 26). But only one-third of all companies currently have more than 25 percent women either on their executive committees or at their senior management level, and only five companies have achieved parity at the senior level (senior vice president and above).

This lack of impact may reflect ineffective implementation. Respondents to the HR practices survey rated the degree to which a program had been implemented on a 1 to 5 scale. The average score across all companies was 2.2, which points to initiatives having low participation and limited leadership support during implementation. Moreover, several of the companies

Exhibit 26

The number of initiatives implemented does not seem to predict gender diversity within leadership ranks

Number of initiatives in place, relative to the share of women at senior levels
Number of respondents = 54[1]



1 Total respondents is 54 because some companies did not provide data on the share of women in leadership.

SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

surveyed could not provide gender data on promotion and attrition. To progress, companies need to focus on implementing and resourcing their programs effectively rather than solely concentrating on the number of programs.

A culture of gender diversity must be deeply embedded within organizations to sustain results. This takes time, persistence, and initiatives that are completed in concert with one another. Gender parity in leadership occurs as the culmination of integrated initiatives over time. McKinsey's 2016 Women Matter research covering European businesses found that best-in-class companies (those with a woman CEO and/or more than 30 percent of women at the executive level) started to work on gender diversity earlier and sustained their programs over the long term. These companies have typically treated gender diversity as a priority for approximately three to five years, compared with one to three years in the case of other organizations. Best-in-class companies also took decisive action sooner. For example, they began tracking gender diversity indicators earlier and implemented policies to reduce gender bias in their evaluation systems. In Canada, the HR survey shows that although companies have implemented many measures, less than 30 percent of them have had the measures in place for three years or more. If Canadian companies persevere with their efforts, they will be able to progress.

FIVE PRIORITY AREAS OF ACTION FOR CANADA

Corporations can start to improve gender equality and their own performance by prioritizing and launching a set of the pragmatic, proven initiatives, which reflect the best practices identified in McKinsey's Women Matter research, with the visible support of top management and significant resources behind them. By doing so, companies can not only improve gender parity among their own employees but also create an environment that can serve as a model in society more broadly. In the rest of this chapter, we discuss five priority areas that companies in Canada should consider: 1) create a clear business case for change; 2) set inclusion targets, track them, and hold leaders to account; 3) create formal sponsorship networks for women; 4) build an infrastructure that supports women and men; and 5) identify and address unconscious bias.

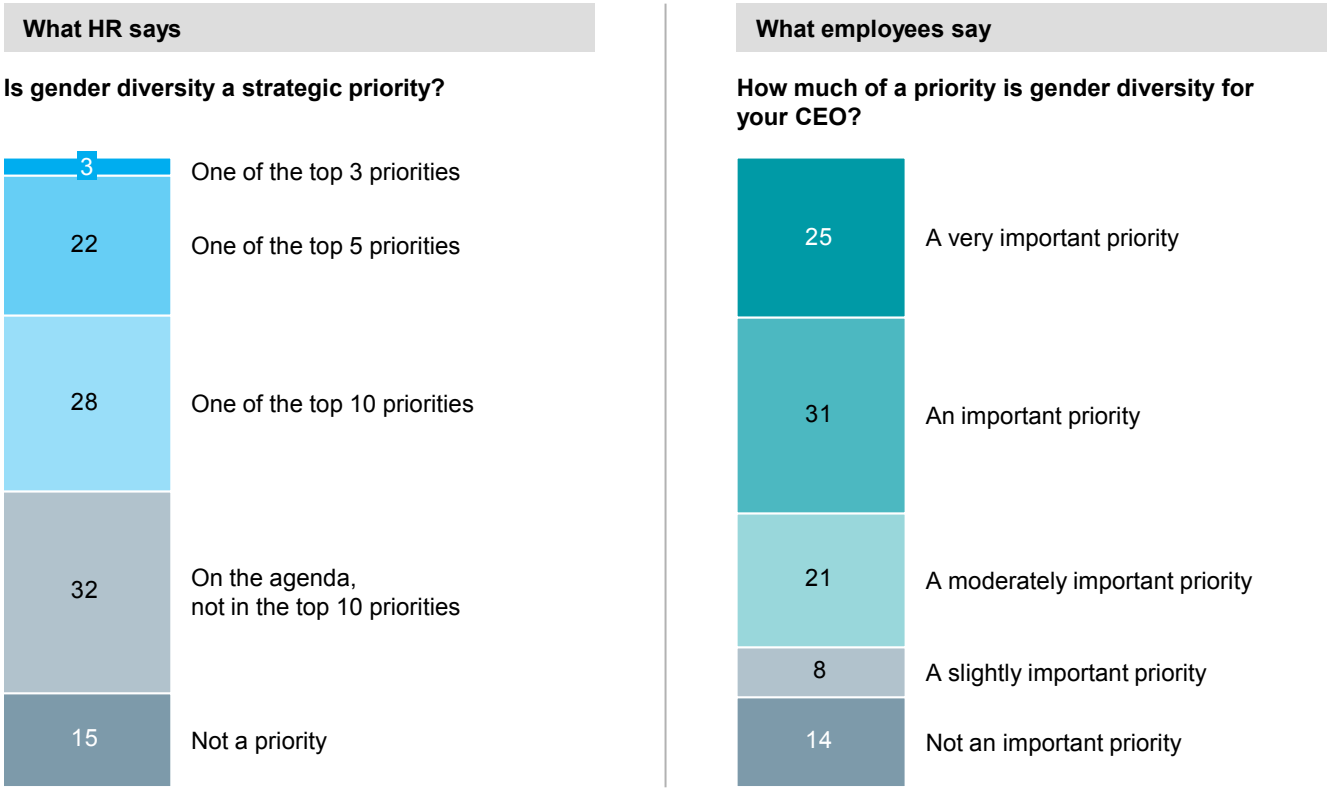
1. Go beyond a vocal commitment to diversity by creating a clear business case for change that cascades down through the organization

To create a gender inclusive workplace that maximizes talent and creativity, company leaders need to begin by committing to inclusivity and making it a strategic priority. The HR survey revealed that more than half of responding companies count gender diversity among their top ten strategic priorities. Respondents said that more than 50 percent of CEOs and top leaders of companies often or frequently talk about the importance of gender diversity, review diversity data on a regular basis, and take corrective actions. In addition, more than 20 percent of leaders are personally engaged in action to foster diversity. This level of commitment is akin to best-in-class examples in Europe (Exhibit 27).

Exhibit 27

Gender diversity is a strategic priority for many Canadian leaders

% of responses



NOTE: Numbers may not sum due to rounding.

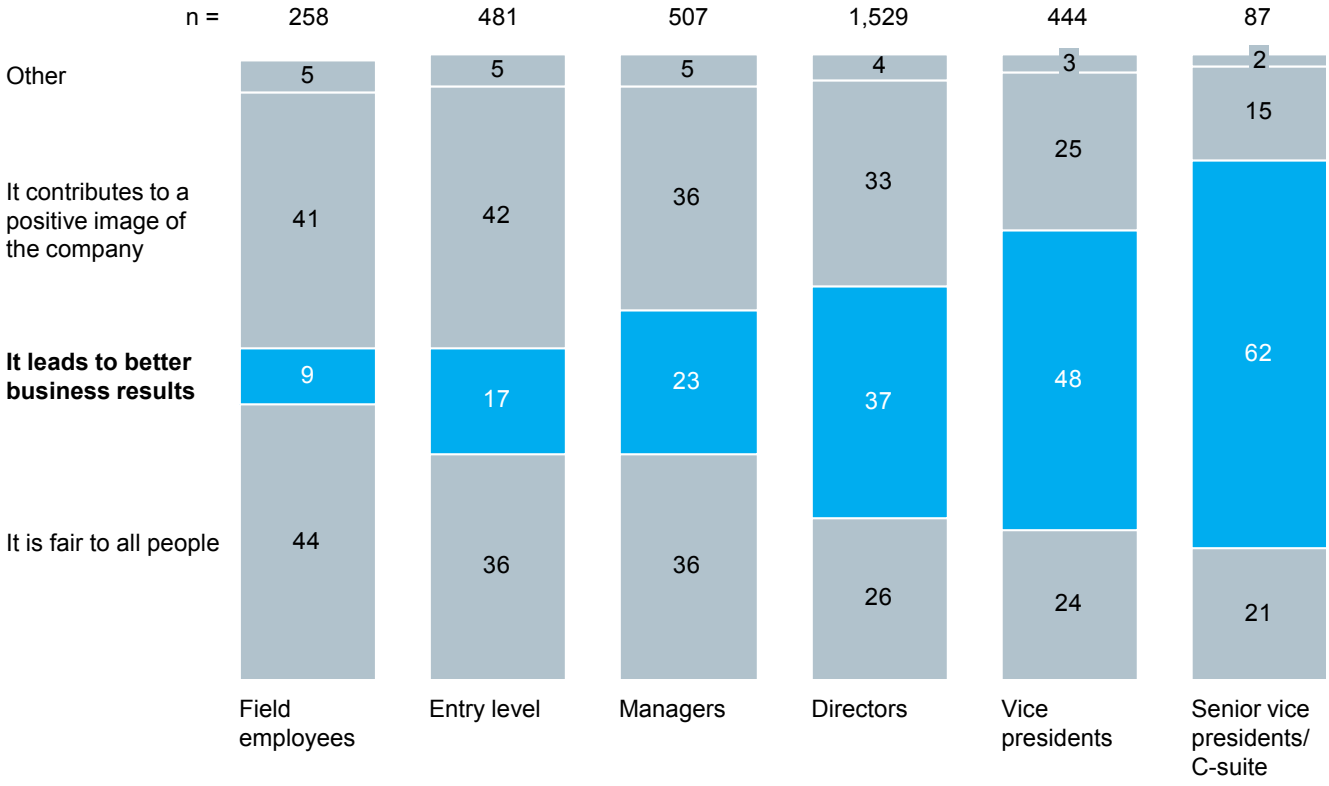
SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees, and McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

However, the survey shows that only 14 percent of companies have articulated a clear change story to explain and promote gender diversity throughout the employee base, and only eight percent of companies have quantified a business case for change. As a result, while a majority of company leaders view gender diversity as an opportunity to improve business results and boost performance, the closer employees are to the front line, the fewer people believe that prioritizing gender diversity is a business imperative. Many employees, especially men, believe that there is no issue to solve. Instead, lower-tenure employees believe it to be a social cause with little effect on performance (Exhibit 28). Indeed, 75 percent of men agree or strongly agree that women are well-represented at senior levels. Companies still have considerable work to do in creating transparency about their talent pipelines and cascading the case for change throughout their organizations.

Exhibit 28

Although leaders understand the strategic advantage of gender diversity, most employees still view it as a fairness or image issue

What do you think is the primary reason your company prioritizes workforce diversity?
% of respondents, by tenure



NOTE: Numbers may not sum due to rounding.

SOURCE: McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

To reap the full benefits of a diverse workplace, leaders at all levels need to go beyond a verbal commitment to diversity and champion a clear case for change that is built around business performance and competitiveness. This includes the full commitment of middle management. In best-in-class companies, the CEO's commitment to gender diversity filters down to all senior managers and vice presidents.[57]

[57] *Women Matter 2016: Reinventing the workplace to unlock the potential of gender diversity*, McKinsey & Company, 2016.

A compelling change story fosters understanding and conviction and has been found to influence change across an organization.[58] A 2010 McKinsey & Company review of 774 transformation programs found that those with a compelling change story were 3.7 times more likely to succeed in the long term than those without one.[59] Psychologically, humans strive for congruence between beliefs and actions; believing in the "why" inspires behaviour in support of the change. Neuroscience research also finds that humans react favourably to narrative messages, highlighting the power of storytelling.

Research shows that the impact of change communication increases when messages are personal and familiar. To cascade the message effectively down through the organization, leaders must personally exemplify change through their communication and behaviour. Role modeling of inclusivity is key to increasing female leadership because the company's senior leadership is the most cited source for direction on what to do about gender diversity by 40 percent of men and 24 percent of women. McKinsey's transformational change survey found that senior leaders' role modeling of change increases the likelihood of a successful transformation fourfold.[60] The Women Matter 2016 report found that organizations whose leaders are actively engaged in diversity and inclusiveness have more women at the top, and hire, promote, and retain women at higher rates relative to men.[61]

2. Set inclusion targets, track them consistently, share results, and hold leaders accountable for them

Beyond leadership's vocal commitment to promoting women at work, it is important to measure gender diversity and establish targets for more gender balance to identify pain points, focus their efforts, and drive accountability.[62] McKinsey's pipeline survey shows that today this type of information is captured infrequently and/or incompletely in Canadian organizations. For example, roughly half of the companies analyze employee attrition by gender, and only one-quarter collect data on job application rates and offers by gender. Often, the information that is collected is not shared with employees. The McKinsey employee experience survey found that 28 percent of respondents reported that employees do not know if their company measures its progress on gender diversity. An additional 31 percent said that this progress was almost never, or seldom, shared (Exhibit 29).

Even fewer companies are taking corrective action when faced with low diversity, the HR practices survey shows. For instance, 55 percent of respondents said that they had not set any targets for female inclusion, 75 percent said they did not reward leaders for fostering gender diversity within the company, and no companies reported having created monetary incentives that are tied to promoting gender diversity. On average, more than 50 percent of employees said that they did not know what they can do to improve gender diversity (in some companies, that number rises to more than 85 percent of employees). Nevertheless, 60 percent of employees said that they agreed or strongly agreed that the company was doing what it takes to improve gender diversity.

Best-in-class companies "manage what they measure" and track gender diversity in the pipeline of the entire organization from recruitment to performance reviews, internal promotions, succession planning, and stretch assignments (Box 7, "BASF's Talent/Diversity + Inclusion Dashboard"). Potential indicators that could be useful to track include the proportion of women in the company's various business units, at each level of management, and among recruits. Tracked and targeted metrics could also include women's pay levels and pay gaps with their male counterparts, as well as attrition rates among men and women

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58 These data are from McKinsey & Company's Influence Model.

59 January 2010 McKinsey Quarterly Transformational Change Survey.

60 Ibid.

61 Ibid. McKinsey & Company, *Women Matter 2016*, 2016.

62 See, for example, Rebecca Shambaugh, "Getting more women into senior management," *Harvard Business Review*, May 25, 2015.

Box 7. BASF's Talent/Diversity + Inclusion Dashboard

In 2012, BASF created a robust reporting tool called the Talent/Diversity + Inclusion Dashboard and has used it to hold leaders more accountable for recruiting and retaining diverse talent. The dashboard includes traditional representation measurements, as well as metrics on the leadership team's decision-making behaviour that would support a diverse, inclusive work environment. It also highlights diversity gains and losses and shows talent movement. The data are refreshed twice a year and there is ongoing dialogue within the company's leadership. Retention has improved in many business units across North America, with steady improvement in the retention of diverse talent.[1]

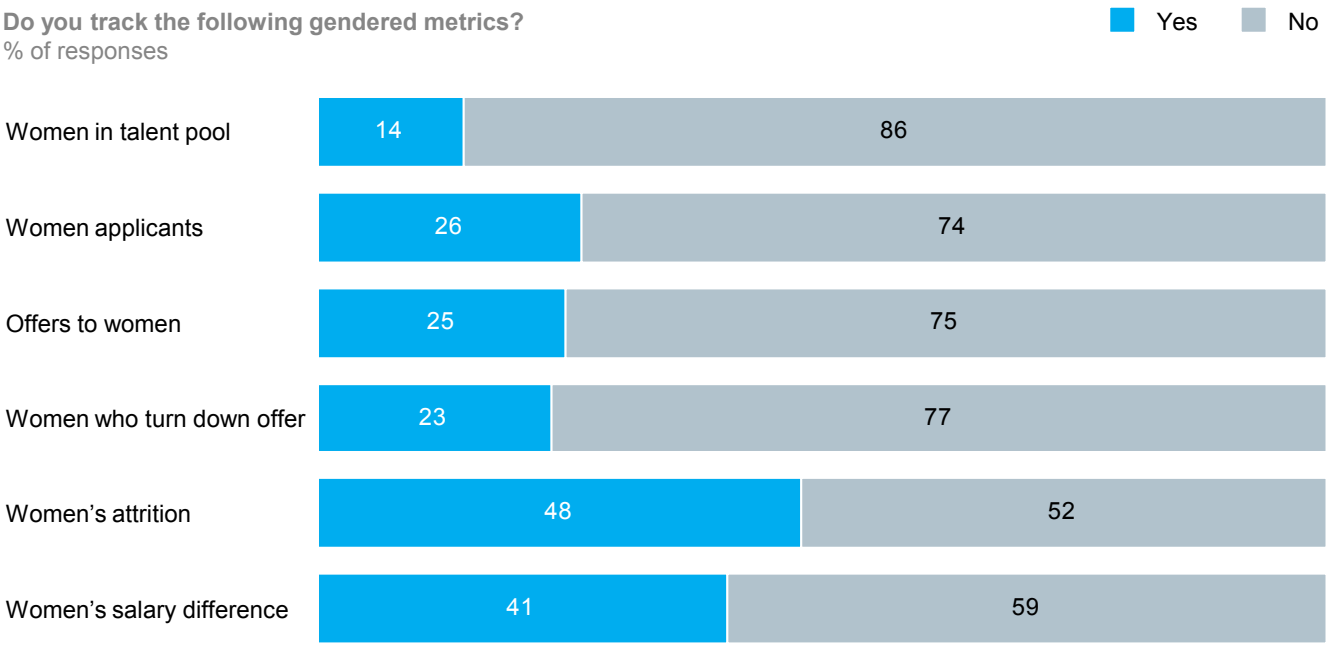
[1] Tina Kao and Patricia Rossman, "Driving leadership accountability: The diversity + inclusion dashboard," presented at BASF Innovation Fest! on September 12; "BASF's Talent/diversity + inclusion dashboard," Profiles in Diversity Journal, 2017, http://www.diversityjournal.com/.

in similar functions.[63] The ratio of "women promoted" to "women eligible for promotion" is another key metric that can help build awareness of existing gaps. Employees' attitudes and behaviours can be tracked to understand their satisfaction, their perceptions of whether a company runs a meritocracy, and their desire to advance within the corporation. These can be analyzed as a whole, by gender, and by level. Companies can use such data to identify leakage areas within their pipelines and tailor appropriate strategies to address them (Box 8, "Government approaches to achieving gender balance in leadership").

[63] Ibid. *Women Matter 2008*, McKinsey & Company, 2008.

Exhibit 29

HR data is not consistently tracked on a gendered basis



NOTE: Numbers may not sum due to rounding.

SOURCE: McKinsey & Company "Pipeline Survey Canada 2017", 69 Canadian companies, representing 470,000 employees; McKinsey Global Institute analysis

Box 8. Government approaches to achieving gender balance in leadership

Governments around the world have used a variety of approaches to address the representation of women on boards and in executive officer positions. The majority of efforts employ one of two models: legislative quotas or regulatory comply-or-explain regimes that are administered by securities regulators. Belgium, France, Germany, Iceland, Italy, and Norway have adopted quotas, while Australia, Canada, and the United Kingdom have adopted a form of comply-or-explain regime. The United States does not currently require companies to make specific disclosures about the representation of women in their senior leadership positions.[1]

Legislative quotas. A quota is a target number or percentage that the law requires an organization to achieve that specifies the representation of women and/or men on a board or in an executive position. The use of quotas to achieve gender parity at board and executive levels has pros and cons that continue to be discussed. Arguments against quotas at the board level include the perception that they are unjust, the potential stigma they carry, the fact that quotas may reduce support for gender diversity, and their failure to address underlying discrimination. Quotas might, for instance, be perceived as unfair if a gain for one group is seen as a loss for another. Women included in boards through this process may be viewed as less qualified because people may believe they did not win their position on merit, which can undermine their contributions. Although evidence suggests that quotas increase female representation on boards, there is no evidence that suggests that they increase female representation at the executive level. Because quotas impose rules rather than changing underlying beliefs, they may not create the attitudes and behavioural shifts that could improve gender diversity throughout the corporate pipeline.[2] However, research has also shown that such misgivings about quotas may be unfounded.[3] For example, interviews of board members in Europe and the United States have revealed that quotas tend to be viewed negatively in countries that do not have them, but favourably in countries that do have them. Arguments in favour of quotas include their structured framework for overcoming unconscious bias and the potentially diverse experiences and skillsets that the improved gender parity helps provide. Gender biases are built into many organizational and human decision-making processes. The stringent requirements imposed by quotas may provide less room for such bias to occur. Quotas may also lead boards to search more creatively and expansively for members, going beyond their existing networks and increasing the candidate pool and diversity of available experiences. The presence of women in corporate leadership may also improve the future pipeline for female board and executive-level candidates because it could encourage more women to pursue these positions.

Comply or explain. This is a regulatory approach that requires companies to disclose information annually on the representation of women on their boards and in executive officer positions. By promoting gender diversity through increased transparency, the comply-or-explain regime provides an alternative to legislative quotas and encourages rather than mandates behavioural change. As part of Canada's *Disclosure of Corporate Governance Practices*, TSX-listed issuers must disclose the following each year:

- The number and percentage of women on the issuer's board of directors and in its executive officer positions
- Director term limits or other mechanisms of board renewal
- Policies related to the identification and nomination of women directors
- Consideration of the representation of women in board nominations and executive officer appointments
- Targets for women on boards and in executive officer positions.

In the event an issuer does not consider the representation of women or has not adopted a policy, board renewal mechanism, or targets, the legislation requires an explanation. The primary explanation offered by companies that do not adhere to gender diversity targets is that they recruit "based on merit." However, research has shown that meritocratic systems are as susceptible to unconscious biases as other systems. Strengthening the explanation requirement for decisions based on merit may be one means of challenging unconscious biases.[4] Countries should continue to track and publish progress on a regular basis so they can accelerate the pace of change and maintain the transparency of corporate governance practices that relate to women's representation on boards and at the executive level. Issuing a call to action may also reinforce the setting of specific targets, board renewal mechanisms, and written policies.[5]

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1 Andrew MacDougall et al., 2016 *diversity disclosure practices: women in leadership roles at TSX-listed companies*, Osler, Hoskin, & Harcourt LLP, 2016.

2 *Quotas: Pros and Cons*, Rotman Institute for Gender and the Economy, 2017.

3 Marcus Noland et al., *Is Gender Diversity Profitable? Evidence from a Global Survey*, Peterson Institute for International Economics working paper number 16-3, February 2016.

4 This information is from McKinsey & Company's interview with Susan Black.

5 *Gender diversity on boards in Canada: Recommendations for accelerating progress*, Catalyst, 2016.

3. Create formal sponsorship networks to help women navigate promotions at their organizations

Effective sponsorship is an important component of efforts to retain female talent and increases the representation of women in the corporate pipeline.[64] While a sponsor may be a mentor, sponsors play a broader role than simply the social, emotional, and personal growth development provided by many mentors (Box 9, "Deutsche Bank"). Sponsorship involves active support by someone who is well-placed in the organization, who has significant influence on decision-making processes, and who can provide access to critical networks. A sponsor can also advocate for, protect, and fight for the individual's career advancement.[65] When sponsors openly recommend high-performing employees for assignments, opportunities, or promotions, they use their own influence and put their reputation on the line.[66]

Catalyst's research on sponsorship's importance shows that women are often mentored but rarely sponsored, and that this contributes to the fact that women receive far fewer promotions and advancement opportunities. However, when women's mentors are highly placed in the organization and can therefore act as sponsors, women are as likely as men to be promoted.[67] Previous McKinsey Women Matter research found that sponsorship is a collective enabler for increasing the representation of women in the corporate pipeline.[68]

McKinsey's employee experience survey highlighted employees' strong belief in the need for sponsorship as an enabler of career advancement. Fifty-four percent of employees surveyed said that sponsorship by a senior leader was the most important criteria for career advancement—it was the most cited reason. Sixty-nine percent said that being savvy with organizational politics is essential to success. Both men and women gave lack of support from senior management as the second most common reason for not becoming senior executives (the first was an inability to prove oneself). In addition, 53 percent of respondents to the HR practices survey said that the top reason that women do not develop leadership skills is that they do not promote themselves sufficiently. The survey also revealed that roughly half of the companies have leadership training, networking, and mentoring in place for high-potential men and women, but that only 22 percent have a formal sponsorship program, and no company tailors such programs to female employees (Exhibit 30).

Given the importance of sponsorship to women's advancement and the fact that it is arguably the least explored leadership development program among the companies surveyed, this is an area that Canadian companies should consider addressing. The Catalyst research identified four critical features of an effective sponsorship relationship: trust, honesty, communication, and commitment.[69] Trust and honesty are essential when providing and receiving the candid feedback needed to progress within an organization. In terms of communication, the sponsor's and protégé's expectations should be explicit and transparent. Both parties must also show commitment to making the sponsoring relationship effective. If the organization holds sponsors accountable for their protégés, it can help strengthen this commitment. To create such relationships, it is imperative that sponsors have a seat at the table when appointment decisions are made. [70]

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64 *Moving attitudes on gender diversity: McKinsey global survey*, McKinsey & Company, January 2014.

65 Herminia Ibarra, Nancy M. Carter, and Christine Silva, "Why men still get more promotions than women," *Harvard Business Review*, September 2010; *Sponsoring women to success*, Catalyst, 2011.

66 Ibid. Catalyst, *Sponsoring women*, 2011; *Creating stronger businesses and a stronger Canada through better gender balance*, 30% Club Canada, September 6, 2016.

67 Ibid. Catalyst, *Sponsoring women,* 2011; Sylvia Ann Hewlett et al., *The sponsor effect: Breaking through the last glass ceiling*, Harvard Business Review Research Report, December 2010.

68 *Women Matter 2012: Making the breakthrough*, McKinsey & Company, 2012.

69 Ibid. Catalyst, *Sponsoring women,* 2011.

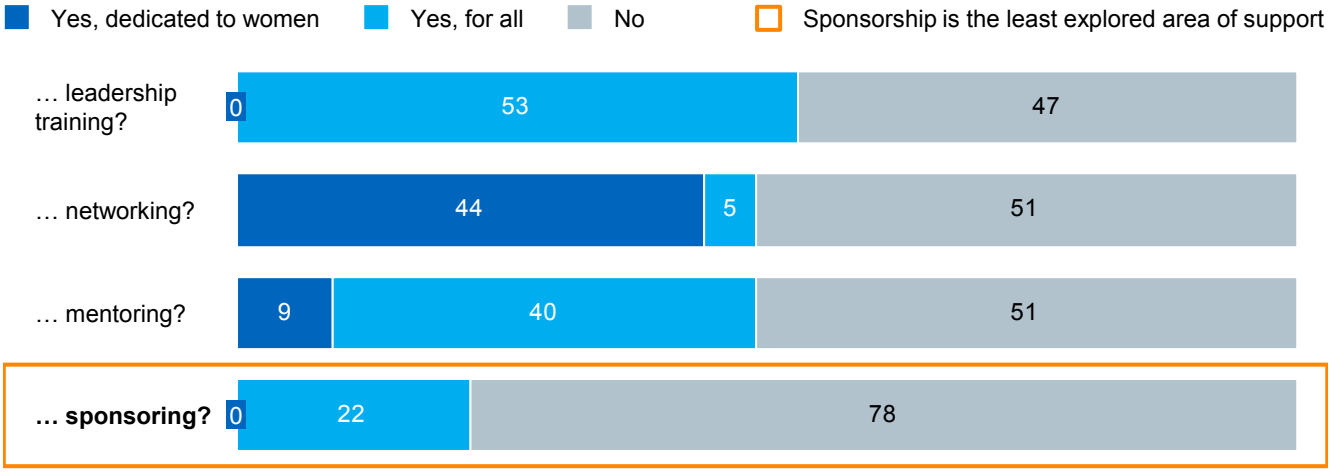
70 Ibid.; Ibid. Herminia Ibarra et al., "Why men still get more promotions," *Harvard Business Review*, September 2010; Rebecca Shambaugh, "Getting more women into senior management" *Harvard Business Review*, May 25, 2015.

Because there are fewer senior women in organizations than men, effective sponsorship will require that both men and women serve as sponsors to women. Including men not only provides additional support for women but also further engages men on the gender diversity agenda.[71]

Exhibit 30

Few companies have programs to support female advancement and even fewer have programs tailored to women

Does your company have a formal program for …
% of responses



NOTE: Numbers may not sum due to rounding.

SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

[71] *Women Matter 2010: Female leadership, a competitive edge for the future*, McKinsey & Company, 2010.

Box 9. Deutsche Bank

Deutsche Bank has committed to sponsorship through its Accomplished Top Leaders Advancement Strategy (ATLAS) program. ATLAS prepares high-performing women from all business units around the world for executive leadership positions, pairing them with a member of the bank's group executive committee who is from a different business line. These executive committee members sponsor ATLAS women by championing them to lead the firm and advocating for them to fill the most senior positions. The bank's CEO brings selected high-potential women into the program by sending each candidate a personal letter inviting them to attend an opening event and dinner with him and the group executive committee. The program consists of an in-depth assessment of the women's goals and areas of focus, regular meetings, and group sessions. The bank also assigns ATLAS participants as informal mentors to new women management directors. Across the entire ATLAS cohort group, 45 percent of women participating are now in new or expanded roles.[1] Since its initial launch in 2009, more than half of ATLAS participants have moved into more senior roles.[2]

1 Ibid. Herminia Ibarra et al., "Why men still get more promotions," *Harvard Business Review*, September 2010; Ibid. *Sponsoring women*, Catalyst, 2011.

2 "The women global leaders programme: the story of a successful partnership between INSEAD and Deutsche Bank," Deutsche Bank, June 25, 2015, www.db.com; "Women and Deutsche Bank: ATLAS female leadership program opens in London," Deutsche Bank, http://womenforhire.com/.

4. Build an infrastructure that helps women and men juggle family and work commitments

Canadian women take on twice as much unpaid care work as men, as discussed in Chapter 2, and this unequal distribution of unpaid care work has implications for the workplace. Women have to juggle more competing demands on their time from work and from home, and the workplace environment is not always conducive to achieving this balance. Respondents in the HR survey cited women's "double burden"—the need to balance work and domestic responsibilities with companies' "anytime" performance model that requires unfailing availability and long hours of work—as one of the top three reasons women are not joining, staying, or advancing in the workforce (Exhibit 31).

Exhibit 31

The "double burden" of balancing work and domestic responsibilities and the "anytime" performance model make it difficult for women to work

The top 3 reasons women are not in the workforce, according to HR
% of responses

Why aren't women joining?		Why aren't women staying?		Why aren't women advancing?	
59	Public perception of the company/industry as being male dominated	54	**Anytime** performance model (work model requiring unfailing availability and long hours of work)	53	Tendency of many women not to promote themselves sufficiently
25	**Anytime** performance model (work model requiring unfailing availability and long hours of work)	50	**Double burden** syndrome (women balancing work and domestic responsibilities)	49	**Double burden** syndrome (women balancing work and domestic responsibilities)
21	**Double burden** syndrome (women balancing work and domestic responsibilities)	35	Anywhere performance model (work model requiring travel and geographic mobility)	38	Tendency of many for gender bias

NOTE: Respondents chose all answers that apply, so total does not sum to 100%.

SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

Two broad areas need to be addressed to create the infrastructure necessary to help women (and men) cope with both domestic and work commitments: 1) flexible programs and working arrangements that are compatible with promotion; and 2) measures to support the reintegration of women after leaves of absence through formal return-to-work and internship programs.

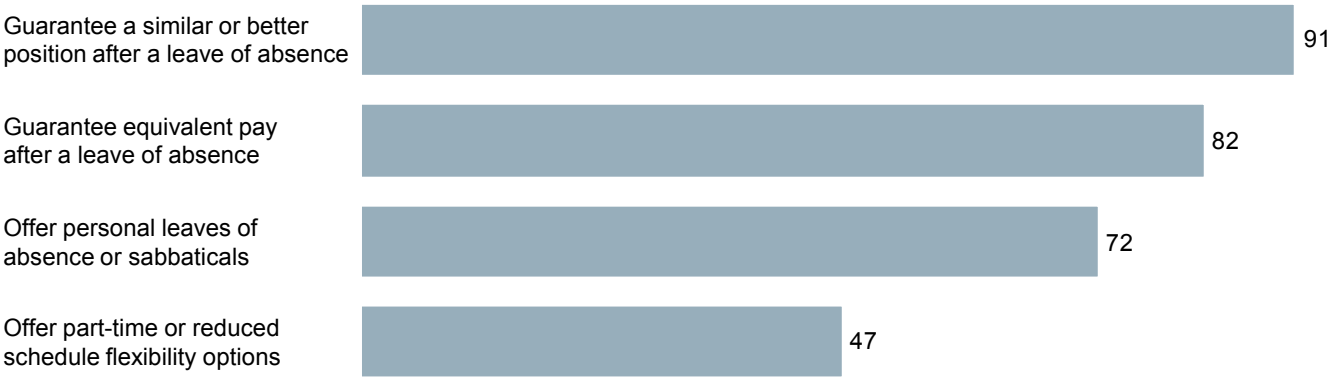
Make flexibility programs compatible with career advancement

Canadian companies have made progress in establishing programs that offer flexible work schedules and extended leaves of absence. The majority of companies responding to the HR survey said that they offered personal leaves of absence and guaranteed an equivalent position with equivalent pay upon return. Nearly half of the respondents said they also offered part-time or reduced schedule options (Exhibit 32).

Exhibit 32

Many companies have policies to support flexible working arrangements

Formal policies to support women at work
% of companies that adhere


Guarantee a similar or better position after a leave of absence
91
Guarantee equivalent pay after a leave of absence
82
Offer personal leaves of absence or sabbaticals
72
Offer part-time or reduced schedule flexibility options
47

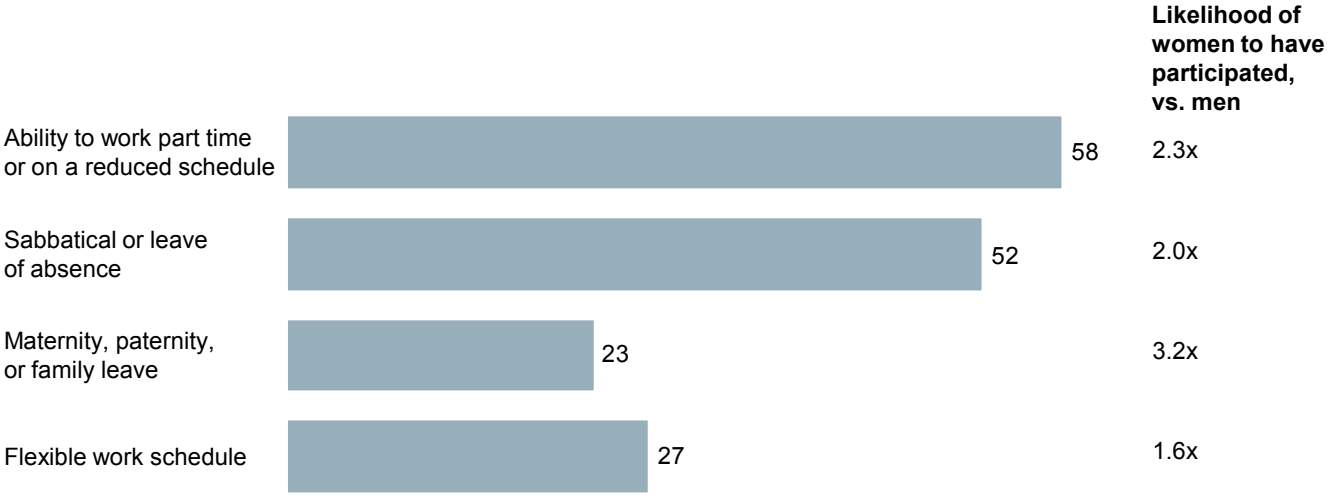
SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

The issue is that such flexible programs tend to be perceived as incompatible with, or potentially damaging to, career advancement. McKinsey's employee experience survey found that 58 percent of employees believed that taking advantage of the ability to work part time or on a reduced schedule would hurt their career progression (Exhibit 33). Women use these flexibility programs at a much higher rate than men do, and their career tracks may be disproportionately penalized as a result. The evidence suggests that existing flexibility programs have not been able to challenge people's underlying attitudes about the use of these programs and what they mean about the dedication of the employees who use them.

Exhibit 33

Flexibility programs are perceived as hindering career progression; women take advantage of them more and are more negatively affected

Does taking advantage of the following flexibility programs hurt or greatly hurt career progression?
% of respondents who agree



SOURCE: McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

This needs to change. If such programs are to support women's advancement, companies need to create a culture in which they do not hinder career progression and both men and women are equally encouraged to utilize them.[72] Role modeling is one way to create such a culture**.** One useful step would be to ensure that senior leaders (particularly men) who have taken advantage of parental leave benefits and flexible working arrangements are visible and transparent about it, thereby encouraging others to use their programs. Mark Zuckerberg, CEO of Facebook, publicly acknowledged that he took two months off after the birth of his first child.[73] Similarly, Blake Mycoskie, CEO of Toms Shoes, took three months of paternity leave following his son's birth.[74]

Formal training on unconscious bias that tackles the underlying stigma attached to flexible work arrangements can also help ensure that objective decisions are made about the performance and leadership potential of employees who participate in these programs. (Please see the next section for a discussion on unconscious bias.)

Formal return-to-work and internship programs can support women returning from leaves of absence

Companies' infrastructure for taking extended leaves of absence is well-established, but support for women returning from them to reintegrate can be strengthened. Establishing return-to-work programs for women can help increase the pipeline of female talent. Research has shown that companies that offer such programs have a higher representation of women in leadership roles.[75]

In the HR survey, 41 percent of respondents said that they offer programs to help smooth employees' transitions to and from extended leaves of absence. However, women with children continue to lag men in leadership roles, despite demonstrating strong interest in being promoted and becoming a top executive (Exhibit 34). Therefore, Canadian companies that do offer reintegration programs arguably need to make them more effective, and companies with no such programs should consider introducing them. Either way, these initiatives need to emulate best practice (Box 10, "Women in Capital Markets' (WCM) Return to Bay Street Program").

Successful return-to-work programs for women who take maternity leave combine support before and during leave. They help women maintain their clients, professional networks, and strategic knowledge, and ensure a successful transition back into the workplace. The creation of a "phased return" helps refresh returners' skills and rebuild their relationships and confidence, and it enables them to make new arrangements at home to establish child care.[76] Companies can also support women's transition by offering counsellors for parents and expecting parents, guides for teams to help support colleagues on leave, and assistance in identifying work opportunities that fit an individual's needs on return to work.[77]

Internship programs for women rejoining the workforce after a prolonged absence are another form of support that has become more prevalent. Many talented women want to return to work but find it difficult to accomplish this through the normal recruitment process.[78] Genpact, formerly a division of GE, offers a career re-entry program called Career 2.0. This program aims to attract qualified women who are on a break and want to rejoin the workforce by offering flexible, family-friendly schedules and work structures for women

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72 *Women in the workplace: 2016*, McKinsey & Company and Lean In, 2016.

73 Hannah Kuchler, "Mark Zuckerberg to take 2-month paternity leave", *Financial Times*, November 21, 2015.

74 Taylor Tepper, "7 ways for new dads to man up on paternity leave," *Money*, August 7, 2015.

75 Ibid. McKinsey & Company and Lean In, *Women in the workplace*, 2016.

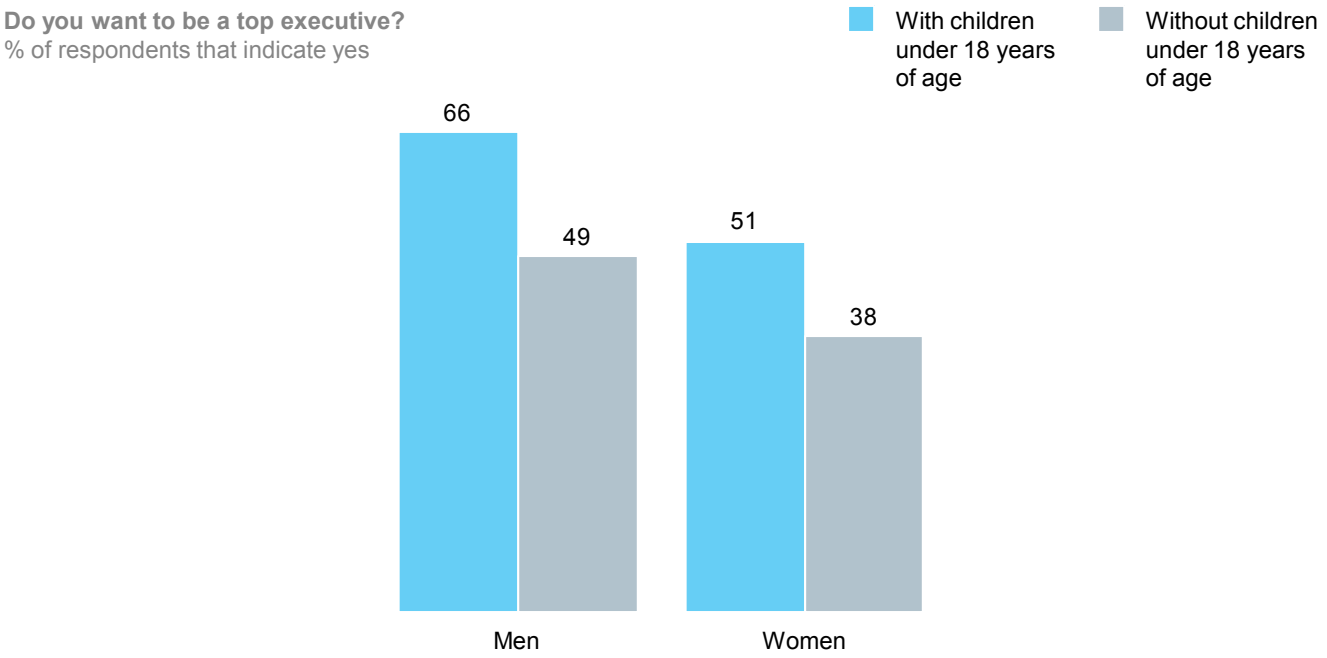
76 Liz Morris and Suzanne Jacobs, *A pocket guide for managers: Pregnancy, maternity leave, and a successful return to work,* Working Families, 2012.

77 McKinsey brochure on parental leave and transition.

78 Ibid. McKinsey Global Institute, *The Power of Parity UK report*, September 2016.

Exhibit 34

Women with children still demonstrate ambition to be a top executive



SOURCE: McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

in various mid-level and senior-level capacities.[79] PwC UK's "Back to Business" is a paid 16-week program that offers women the chance to work on client projects, upgrade their skills, and broaden their professional network. At the end of the program, they can apply for a permanent role. Seventy-five percent of the first cohort, which began in 2015, took on a permanent role.[80]

[79] "Genpact – Career 2.0," Genpact, www.womenrestart.com; Piyush Mehta, "Making a comeback with Career 2.0," Genpact Blogs, April 22, 2016, www.genpact.com/home/blogs/.

[80] "PwC expands return to work scheme to bring more talented women back into the workplace", PwC press room, July 18, 2016. http://pwc.blogs.com/press_room/.

Box 10. Women in Capital Markets' (WCM) Return to Bay Street Program

In 2010, WCM, the largest network of professional women in the Canadian capital markets industry, partnered with BMO Capital Markets to create the Return to Bay Street program. This program is designed to help professional women relaunch their careers in the sector after an extended absence from the industry. Successful applicants receive a minimum four-month paid contract position at a sponsoring financial institution, $5,000 toward an education program, a WCM mentor, and a one-year complimentary WCM membership. Bank of Montreal (BMO) Capital Markets, Canadian Imperial Bank of Commerce (CIBC), Deloitte, National Bank, Royal Bank of Canada (RBC) Capital Markets, RBC Global Asset Management, RBC Wealth Management, Scotiabank, and Toronto Dominion Bank (TD) Securities are all members of the program.[1] Over the past four years, Return to Bay Street has helped bring over 90 percent of participating women back to senior roles in capital markets.

[1] "Return to Bay Street Program," Women in Capital Markets, https://wcm.ca/professional-development/return-bay-street/.

5. Identify and address unconscious bias to create a culture that supports gender diversity

By visibly showing a commitment to diversity, CEOs are already challenging behaviours. However, companies must also create awareness of the unconscious biases that prevail among men and women and that continue to impact women's advancement through the corporate pipeline.[81] We highlight two types of initiatives to help achieve this: 1) formal training programs that increase awareness of unconscious bias; and 2) systems that remove bias from recruitment, evaluation, and promotion decisions.

As noted, women continue to be underrepresented at every level and their presence dwindles as they rise through the ranks despite their aspirations to ascend to leadership positions. Although employees on the whole may subscribe to the belief that men and women have an equal opportunity for growth and development, both groups indicate otherwise when they are asked about the role their gender has played in their personal advancement. The employee experience survey revealed that 45 percent of women felt that their gender had played a role in their missing out on a raise, a promotion, or a chance to get ahead, while only 11 percent of men did so. When asked about their future prospects, 22 percent of women said they believed their gender would make it harder to them to progress in the future. Men were twice as likely to believe their gender would constitute an advantage (Exhibit 35). The HR survey data corroborated this finding: 15 percent of respondents characterized their company culture as hindering, or not conducive to, gender diversity. To ensure equal opportunity for advancement, men and women need to recognize that gender bias exists and work to address their own unconscious biases.

The perception of leadership styles provides a strong example of unconscious bias.[82] Research shows that women leaders are likely to be viewed negatively when they adopt masculine leadership characteristics.[83] When women do remain feminine but perform a male role, they are perceived as too emotional and lacking in assertiveness.[84] As a result, female leaders have to compromise between being liked and being seen as competent. Although it seldom occurs (less than 10 percent of the time), we found that women are twice as likely as men to be called "bossy", 40 percent more likely be characterized as "too aggressive", and 27 percent more likely to be seen as "too intimidating" during formal and informal performance reviews.

Use formal training programs to increase awareness of unconscious bias

Organization-wide awareness training can support a culture of gender diversity by offering employees a safe space to learn about unconscious bias. Such training can help them learn how to recognize their own biases and to combat them in everyday decision making.[85] Awareness training can also help create a conversation about what biases are present in the company and what steps the organization as a whole can take to minimize them.[86] In the HR survey, 50 percent of companies indicated that they have not taken action to increase employees' awareness of gender bias. Effectively implementing unconscious bias training and emphasizing women's leadership competencies could help with this issue (Box 11, "Google", Box 12, "Integrating diversity in leadership development models").

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81 Ibid. McKinsey & Company, *Women Matter 2012*, 2012.

82 Gita Patel, "Gender differences in leadership styles and the impact within corporate boards", The Commonwealth Secretariat, June 2013.

83 Madeline Heilman and Elizabeth Parks-Stamm, *"Gender Stereotypes in the Workplace: Obstacles to Women's Career Progress*," *Social Psychology of Gender: Advances in Group Processes*, Shelly Correll, ed., Emerald Group Publishing, 2007.

84 Alice Eagly and Linda Carli, *Through the labyrinth: The truth about how women become leaders,* Harvard Business School Press, 2007.

85 Horace McCormick, *The real effects of unconscious bias in the workplace*, UNC Kenan-Flager Business School, 2016; Jessica Nordell, "Is this how discrimination ends?" *The Atlantic*, May 7, 2017.

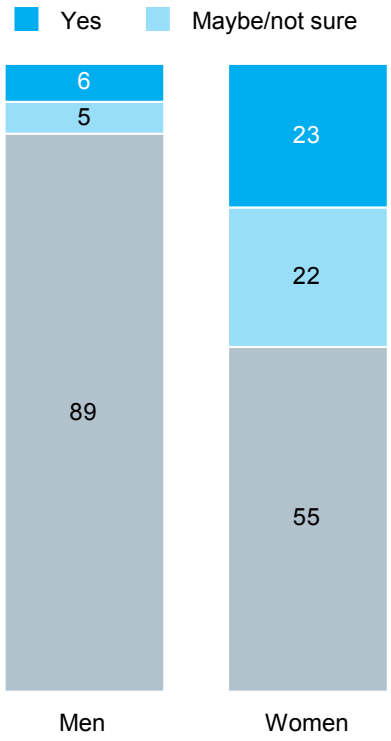
86 Ibid. Horace McCormick, *The real effects*, UNC Kenan-Flager Business School, 2016.

Exhibit 35

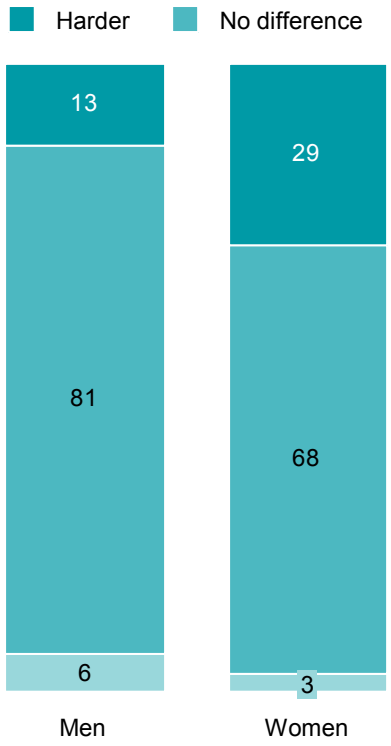
Women are more likely to perceive their gender as a disadvantage

% of respondents, by gender

Have you ever felt that your gender has played a role in your missing out on a raise, promotion, or chance to get ahead?



Going forward, do you think your gender will make it harder or easier for you to get a raise, promotion, or chance to get ahead?



NOTE: Numbers may not sum due to rounding.

SOURCE: McKinsey & Canada "Employee Experience Survey Canada 2017", 3,318 employees at 5 large Canadian companies, (44% women); McKinsey Global Institute analysis

Box 11. Google

Google initiated a "bias busting" initiative that includes workshops and hands-on sessions designed to help employees identify and address their unconscious biases. To date, more than 2,000 Google employees have participated in the workshops, and more than half of all employees have also watched a 90-minute seminar that was taped and made available on YouTube.[1] Although the program is still fairly young, Google executives have reported some progress. When a new building was opened at Google's California headquarters, employees were quick to notice and point out that most of the conference rooms were named after men. Google promptly renamed several of the rooms for historically important women.[2] This was an early indication that the training had made employees more comfortable about recognizing and calling out unconscious bias.[3]

1 Jessica Guynn, "Google's 'bias busting' workshops target hidden prejudices," *USA Today,* May 12, 2015.
2 Sean Buckley, "Unconscious bias is why we don't have a diverse workplace, says Google," *Engadget*, September 25 2014.
3 Ibid. Horace McCormick, *The real effects*, UNC Kenan-Flager Business School, 2016.

To encourage such programs' adoption and behavioural change, awareness training should avoid blaming employees for bias, instead reinforcing that bias is normal but not acceptable. Research has shown that it is more effective to focus on people's beliefs about bias: that they might be discriminating, that discrimination is a problem, and that they can overcome their own habit of prejudice. When designing programs, employers can also issue surveys, hold interviews with past employees, and have discussions with current employees to understand what issues around gender bias require the most attention.[87] It is also important that companies encourage employees to participate in gender diversity programs rather than mandate participation. According to research, reductions in bias are more likely to occur when people can choose to participate in this training.[88] While dealing with unconscious biases is both difficult and time consuming, increasing employees' awareness of their biases is one of the most powerful means of driving the step change needed to improve gender representation throughout the corporate pipeline.

Implement systems to debias recruitment, evaluation, and promotion decisions

Behavioural change should be reinforced through workplace systems and processes that support gender diversity. In the employee experience survey, 25 percent of employee respondents indicated they do not believe that the best opportunities go to the most deserving people. Only 44 percent of respondents in the HR survey said they combat gender bias in their recruiting system, and only 43 percent take measures to increase the share of women applying and accepting positions. In addition, only 36 percent of men and 23 percent of women said they believe that managers consistently consider a diverse roster of candidates to fill an open position.

Structures such as recruitment programs that specifically target women, blind résumé screening, and formatted interviews can help support gender diversity in the recruitment process. In the case of senior appointments, organizations could encourage evaluators to discuss a checklist of the leadership skills they are looking for early in the process, and review candidates' CVs in parallel with those of individuals who previously held the position. Both of these steps can highlight the attributes that are genuinely relevant for the role as opposed to biases resulting from "confirmation" or "availability" heuristics (Exhibit 36).[89]

Mercer Research has shown that applying a gender lens to performance management and promotion can result in higher female representation across organizations.[90] As noted, increased diversity of leadership styles can improve organizational and financial performance; however, only 47 percent of companies in the HR survey indicated that their evaluation systems were adapted to reflect different leadership styles. Evaluating performance management to reflect a more diverse set of leadership competencies would support gender diversity because traditional competencies are often more closely aligned with men's relative strengths.[91] Organizations can, and are, addressing gender diversity in evaluations by having external experts sit in on evaluation discussions to point out bias in real time. For succession planning, companies are devoting sessions specifically to discussing women and asking executive-search firms to put forward both female and male candidates.

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87 Howard Ross, *Exploring unconscious bias*, Diversity Best Practices, 2008.

88 Frank Dobbin and Alexandra Kalev, "Why diversity programs fail," *Harvard Business Review*, July-August 2016.

89 Ibid. McKinsey Global Institute, *The Power of Parity UK report,* September 2016.

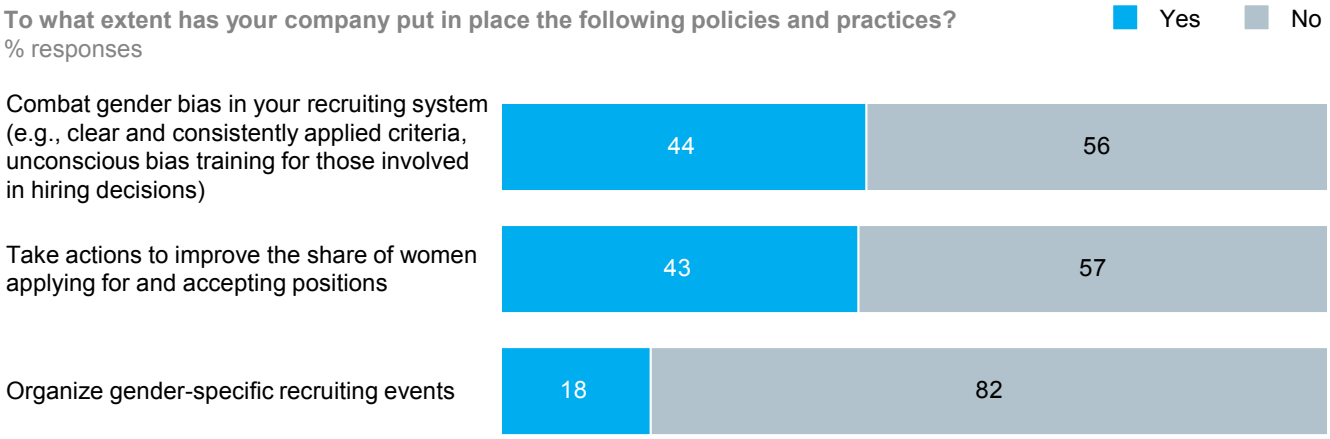
90 *When women thrive*, *businesses thrive*, Mercer, 2016.

91 Ibid. McKinsey & Company, *Women Matter 2008*, 2008.

Exhibit 36

The majority of companies surveyed do not yet apply objective decision-making criteria to their recruitment and retention evaluations

To what extent has your company put in place the following policies and practices?
% responses


Yes
No
Combat gender bias in your recruiting system (e.g., clear and consistently applied criteria, unconscious bias training for those involved in hiring decisions)
44
56
Take actions to improve the share of women applying for and accepting positions
43
57
Organize gender-specific recruiting events
18
82

NOTE: Numbers may not sum due to rounding.

SOURCE: McKinsey & Company "HR Survey Canada 2017", 68 Canadian companies, representing 520,000 employees; McKinsey Global Institute analysis

Box 12. Integrating diversity in leadership development models

Backed by internal data, Google found that the foundation of effective teams is "psychological safety". This feeling of trust and openness is thought to yield more creative thinking that is crucial to solving complex problems.[1] Through its research, The Leadership Circle has also found that creativity is a key component of successful leadership, and that it is in high demand.[2] In response, companies like IBM have shifted their competency models to include things like collaboration, trust, and partnership—strengths that are commonly perceived as feminine.[3] Through its work on Centered Leadership, McKinsey has found that when companies augment existing leadership development models with these competencies, they are able to be more inclusive while improving business outcomes. Both women and men can better balance their skills and lead more authentically.

1 Charles Duhig, "What Google learned from its quest to build the perfect team," *The New York Times*, February 25 2016.
2 Bob Anderson and Bill Adams, *A Universal Model of Leadership, Developing leaders for the complexity they face*, The Leadership Circle, November 2015.
3 The IBM Leadership Development Framework, IBM, 2011.

•••

By improving their own gender diversity and female representation at senior levels, corporations can not only benefit their own bottom line, but also benefit their female employees and the economy and society of Canada. There are best-in-class practices in companies that others can emulate as they put in place short- and long-term changes that will eventually embed a culture of gender diversity. Change takes time, and persistence is vital. And companies need to focus acutely on the quality of programs, rather than their number. Companies have a significant role to play in addressing Canada's remaining gender gaps, but there is a huge job for individuals and governments, too. We turn to their role in the next, and final, chapter.

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4. ADVANCING ECONOMIC AND SOCIAL GENDER EQUALITY

Advancing economic and social gender equality requires effort from all levels of government, political parties, corporations, not-for-profit organizations, educational institutions, the media, and individuals. We have noted three priorities for accelerating progress toward gender parity in work—increasing female labour force participation, raising the hours worked by women, and moving women into high-productivity sectors. In this chapter, we discuss actions in five priority areas that could deliver the change needed to capture the $150 billion economic opportunity we have identified by 2026, offering a detailed diagnosis and brief discussion of suggested initiatives in each area.

CANADA COULD CAPTURE THE ECONOMIC AND SOCIAL BENEFITS OF GENDER EQUALITY BY CONCENTRATING ON INITIATIVES IN FIVE PRIORITY AREAS

The challenge of gender inequality is a complex one and it will require considerable investment of time and money.[92] For this reason, it is important to prioritize efforts. Our analysis suggests five areas are most important to pursue:

1. **Remove barriers against women participating in science, technology, engineering, and mathematics (STEM) fields.** Women still face considerable challenges in participating, remaining, and succeeding in fields that require education and expertise in STEM at all stages of their lives. Higher education institutions and corporations are the key to addressing these challenges, but all stakeholders need to be involved in a broader effort to shift the underlying social gender attitudes that ultimately lie behind underrepresentation of women in STEM fields.

2. **Enable more women to be entrepreneurs.** Canada has significantly fewer female than male entrepreneurs. This may be due to female entrepreneurs' relative lack of experience and confidence in their abilities, or difficulties in gaining access to funding, or a combination of both. Initiatives that focus on enabling female entrepreneurs by providing targeted support in these areas could increase the number of successful majority female-owned SMEs.

3. **Reduce gender inequality in child care and other unpaid care work.** Women currently perform the lion's share of unpaid care work, which includes routine housework and care of children and elders. Women—and society—could benefit from a more equitable sharing of this work among men and women or having care work provided by an external resource such as a child-care or elder-care centre. Affordable, accessible, high-quality child care is key priority to freeing up women's time so they could spend it on career, social, home, or political activities.

4. **Amplify women's voice in politics.** Although Canada has increased women's participation in politics, significant opportunities remain. The issue of female political participation needs to be tackled at all life stages because attitudes toward politics are formed at a young age and continue to evolve. Parents, teachers, and colleagues can all help influence attitudes and aspirations.

[92] *Delivering the power of parity: Toward a more gender-equal society*, McKinsey Global Institute discussion paper, May 2016.

5. **Reduce gender bias and reshape social norms.** Gender bias and social norms have long stood in the way of women achieving gender equality. Attitudes are hard to shift but doing so is vital because they underlie all aspects of gender inequality.

Governments and corporations that help shape and influence the environments in which women spend much of their time are vital participants in efforts to foster gender equality (Exhibit 37). However, individuals ultimately make their own personal choices that gender equality tries to enable. They actively choose to participate in the workforce, look after their children and family, and engage in the economy and society. Initiatives need to provide men and women with the support they need to make these choices freely and willingly, unimpeded by society's attitudes and systems.

The success of these initiatives depends on a number of factors

Experience from within Canada and among other countries that have implemented initiatives to foster greater gender equality suggests a number of factors for success:

Commit from the top. The commitment of the CEO is vital for driving gender diversity throughout an organization as discussed in Chapter 3. In society, success requires visible commitment from a broader group of leaders, including those in government and at the top of organizations. Canadian Prime Minister Justin Trudeau publicly declared in 2015 that he is a feminist, and named Canada's first gender-balanced cabinet, which generated significant momentum in favour of gender equality. According to the UN Global Compact Network in Canada, the fifth UN Sustainable Development Goal on gender equality was the "the single most acted-on SDG in Canada in 2017."[93]

Engage men as well as women to drive change. Men need to be mobilized as change agents for gender equality: they are often in the influential positions that have the power to make things happen; their participation ensures that gender equality is not seen as a "woman's issue"; and breaking down gender stereotypes benefits men as well as women.[94] There have been many successful initiatives around the world that engage men. In 2012, Australia initiated a collaboration called Male Champions of Change in which 29 corporate leaders and government officials pledged to increase women's representation in leadership. By 2016, 130 leaders were involved and had put in place a significant range of pragmatic initiatives addressing gender inequality. For example, 80 percent of member organizations have embedded targets in senior executives' key performance indicators (KPIs) that measure improvements in women's representation in leadership. As a result, four of the ten private-sector organizations involved in the initiative report that key management levels now have 40 to 60 percent women.[95]

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93 *SDG Survey II*, United Nations Global Compact Network Canada, 2017.

94 Research has shown that conformity to masculine gender norms can have harmful effects on men's quality of life. See Will H. Courtenay, "Constructions of masculinity and their influence on men's well-being: A theory of gender and health," *Social Science and Medicine*, volume 50, number 10, May 2000;*Give love, get love. The involved fatherhood and gender equity project,* The White Ribbon Campaign, January 2014; Shawn Meghan Burn and A. Zachary Ward, "Men's conformity to traditional masculinity and relationship satisfaction," *Psychology of Men & Masculinity*, volume 6, issue 4, October 1, 2005.

95 *Progress report 2016 male champions of change*, Male Champions of Change, reporting to the Workplace Gender Equality Agency in March 2017.

Exhibit 37

Stakeholders will need to take action in five priority areas, each of which will involve a few key initiatives

Prioritized areas	Potential initiatives	Primary stakeholders: Government	Corporations	Other[1]
Remove barriers against women in STEM fields	▪ Post-secondary institutions could consider developing and implementing holistic strategies to attract and retain female students in STEM			●
	▪ Federal and provincial governing and funding bodies could implement voluntary equality and diversity accreditation programs for post-secondary institutions	●		
	▪ Corporations could participate in or lead women-in-STEM initiatives and campaigns that lead to positive change in society		●	
Enable more women to be entrepreneurs	▪ Financial institutions could proactively identify and reach out to female entrepreneurs on their capital needs		●	
	▪ Government could create a matching fund targeted at helping scale high-potential women-led businesses in the early and expansion stages	●		
	▪ The private sector could create a growth fund targeted at providing funding to female-led businesses during the later growth stage		●	
	▪ Government could develop a national association that focuses on skill-building, mentoring, and networking opportunities for female entrepreneurs	●		
	▪ Leading Canadian incubators and accelerators could adopt a targeted approach to attract female entrepreneur applicants			●
Reduce gender inequalities in child care and unpaid care work	▪ Government could adopt parental leave policies that target men	●		
	▪ Government could leverage the learnings from the child-care programs in Quebec and other leading countries when building the National Framework on Early Learning and Child Care	●		
	▪ Corporations could collectively invest in accessible, affordable, and high-quality child care for their employees and the broader community		●	
	▪ Government could further invest in and develop new elder-care policies that improve access to elder-care support	●		
Amplify women's voices in politics	▪ Parents and teachers, along with others, could discuss potential careers in politics with young women			●
	▪ Higher educational institutions could create programs to encourage women to engage in political activities and prepare them for political campaigns			●
	▪ Political parties could actively recruit and nominate women in key ridings			●
	▪ Media could publicize statistics and stories about female role models in politics			●
	▪ Governments could create a culture of inclusivity in politics by implementing measures that range from addressing work-life balance to fostering a climate of safety	●		
Reduce gender bias and reshape social norms	▪ Parents, teachers, and not-for-profit organizations could provide programs and campaigns that help young girls and boys address gender attitudes/biases			●
	▪ Media can increase women's visibility and eliminate bias in their portrayals of women and girls			●
	▪ Corporations could undertake public relations and advertising efforts that challenge gender bias		●	

1 Not-for-profit organizations, education institutions, incubators and accelerators, political parties, media, and individuals.

SOURCE: McKinsey Global Institute analysis

Create partnerships. Close collaboration among government, corporations, not-for-profit organizations, and others have achieved success on a large scale in many countries. In Germany, for instance, the Chefsache ("CEO priority" initiative) sponsored by the German Chancellor brought together government and business leaders (including McKinsey & Company, science and technology organizations, and media organizations) to advocate for more gender balance in top management positions. In the United Kingdom, the WISE campaign manages a portfolio of initiatives that strive to increase female representation in STEM. Launched more than 30 years ago, its membership includes corporations, government agencies, universities, colleges, and schools, and individuals. It has helped grow the UK female STEM workforce by 15 percent from 2014 to 2015.[96]

Pool resources. Over the past 50 years, there have at times been more than 700 not-for-profit organizations in Canada pursuing a gender-equality agenda.[97] Their combined efforts have resulted in significant progress, but a more coordinated approach that pooled and focused their voices and resources could have helped amplify impact. The Up for Debate campaign united more than 175 organizations and succeeded in bringing women's issues to the forefront of the federal election in 2015. Such coalitions could be employed more frequently in the future to drive impact.

Track, analyze, and be transparent about results. Rigorous measurement of gender equality and open communication about results are important for identifying what works and what does not, codifying best practices, and ensuring accountability for outcomes. The Government of Canada has mandated the use of a tool called Gender-Based Analysis Plus (GBA+) to evaluate every government policy, program, service, and other initiatives for their potential impact on women and men and for other diversity factors.[98] Strengthening its implementation and analysis of results could ensure greater impact—the Auditor General of Canada noted in 2015 that the tool had not been implemented in all departments and agencies and, where it had been implemented, the quality of results analysis had not always been up to standards.[99]

1. REMOVE BARRIERS AGAINST WOMEN IN STEM FIELDS

Increasing women's participation in STEM occupations would benefit not only Canadian women but also the economy. STEM occupations underpin many of Canada's high-productivity, high-growth sectors, which are key to the nation's economic growth, innovation, and therefore future prosperity. However, Canada will face labour shortages in some of these occupations between 2015 and 2024, according to Employment and Social Development Canada.[100] Occupations facing shortages include aerospace engineers, mathematicians, statisticians, actuaries, software engineers and designers, and mechanical engineering technologists and technicians. Attracting more women to these professions could help alleviate shortages. At the same time, it would boost women's earning power. Research shows that STEM occupations generally have higher earnings and better labour-market conditions than their non-STEM counterparts.[101]

Today, women are significantly underrepresented in STEM occupations in Canada. The pipeline of women interested in or pursuing STEM narrows by more than half as they move from high school to the workforce, with specific attrition points. The most significant decline (18 percent) happens between high school and post-secondary enrollment (Exhibit 38).

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96 *Wiseyear annual report April 2015–March 2016*, The Wise Campaign, 2016, www.wisecampaign.org.uk/.

97 Janet McFarland, "Canada's leading women's groups seek co-ordinated advocacy," *The Globe and Mail,* March 7, 2016.

98 *What is GBA+?*, Government of Canada, www.swc-cfc.gc.ca/.

99 *Report 1 – implementing gender-based analysis*, Office of the Auditor General of Canada, May 29, 2015.

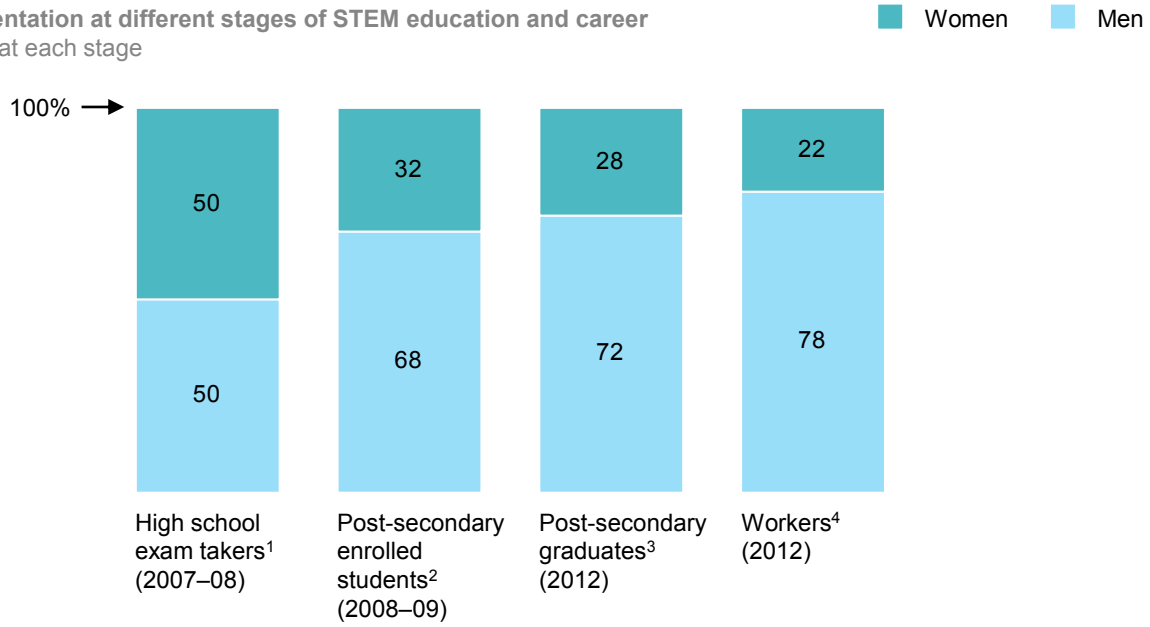
100 Ibid. Employment and Social Development Canada, COPS Occupation Data, ongoing.

101 Dominique Dionne-Simard et al., "Women in scientific occupations in Canada", *Insights on Canadian Society*, June 24, 2016.

Exhibit 38

The number of women in the STEM pipeline decreases from high school to the workplace

Gender representation at different stages of STEM education and career
% of population at each stage



1 Consists of the number of students enrolled or writing grade 12/grade 11 (Quebec) exams in mathematics, biology, chemistry, and/or physics. Only includes data from British Columbia, Alberta, Saskatchewan, Ontario, Quebec, and Nova Scotia.
2 Defined as students enrolled in both universities and colleges to study in the fields of physical and life sciences and technologies; mathematics, computer and information sciences; architecture, engineering and related technologies categories in the Classification of Instructional Programs, Primary Grouping (CIP PG).
3 Defined as students having obtained any type of credential from both universities and colleges in the fields of physical and life sciences and technologies, mathematics, computer and information sciences, architecture, engineering and related technologies in the Classification of Instructional Programs, Primary Grouping (CIP PG).
4 Defined as occupations in the natural and applied sciences and related occupations category in the National Occupational Classification (NOC), consistent with the definition used in research by Statistics Canada.
NOTE: Numbers may not sum due to rounding.

SOURCE: Natural Sciences and Engineering Research Council of Canada; Statistics Canada; McKinsey Global Institute analysis

Even when women do have STEM occupations, few of them are in those positions that tend to have better economic potential. For instance, women hold only 20 percent of positions in computer science and engineering, which make up 83 percent of the STEM occupations that require a university degree and have, on average, lower unemployment, fewer skill mismatches, and higher pay. In contrast, women hold 35 percent of similar positions in science and mathematics where there are fewer positions and less economic potential. Interventions that encourage women to seek careers in computer science and engineering could have high impact.[102]

The keys to removing the barriers that hinder women's participation, involvement, and retention in STEM are widespread change in the environment and attitudes that create and sustain them. Extensive research suggests that women's underrepresentation in STEM reflects a long-standing culture in STEM that is not welcoming to women.[103] Ingrained gender biases, pervasive stereotypes, and a shortage of female role models discourages women from entering or remaining in STEM.[104] These social attitudes toward women are not warranted by any differences in men's and women's innate abilities in mathematics and science—an examination of national- and province-wide results on various aptitude-test

[102] Ibid; Darcy Hango, "Gender differences in science, technology, engineering, mathematics, and computer science (STEM) programs at university," *Insights on Canadian Society*, December 2013.
[103] *The ABC of gender equality in education: Aptitude, behaviour, confidence*, PISA, Organisation for Economic Co-operation and Development (OECD) Publishing, 2015; Sapna Cheryn et al., "Why are some STEM fields more gender balanced than others?" *Psychological Bulletin,* volume 143, issue 1, January 2017.
[104] Ibid. Sapna Dheryn et al. "Why are some STEM," January 2017.

programs reveals no statistically significant difference in the ability of Canadian boys and girls in mathematics and science.[105] Statistics Canada further showed that men were 22 percent more likely than women to choose a post-secondary STEM program, even when it controlled for mathematical ability.[106] This suggests that deeper attitude factors are at play and need to be tackled. (Please see the discussion on reducing gender bias and reshaping social norms later in this chapter).

Initiatives for consideration

Because a significant part of women's later STEM-related experience occurs in post-secondary education institutions and corporations, it makes sense for these organizations to be major forces in increasing women's participation in STEM. We highlight three initiatives that are focused on post-secondary institutions and their interactions with government and corporations (corporation-specific initiatives are addressed in Chapter 3):

Post-secondary institutions could consider developing and implementing holistic strategies to attract and retain female students in STEM

Universities and colleges play a critical role in encouraging women to pursue STEM studies. The National Center for Women and Information Technology in the United States frames potential interventions around six elements: a strategic recruitment plan, its curriculum, student support, institutional policies and support, an evaluation and tracking system, and pedagogy. The framework was originally designed for computer science but can be applied to STEM.[107]

Over the past two decades, several US institutions of higher learning have successfully attracted and retained female students in STEM, particularly in computer science. Carnegie Mellon University increased women's representation in computer science classes from 7 to 40 percent between 1996 and 2000. It targeted recruitment outreach through feeder networks, revised its admissions criteria to accept a wider range of experience, and built a support network for women.[108] Harvey Mudd College, a more recent case example, increased the percentage of women in its computer science graduating class from 12 to 40 percent in five years. It split its introductory computer science course into two sections based on student's experience levels, engaged female students in research early in their studies, and made it easier for women to attend events like the Grace Hopper Celebration of Women in Computing conference.[109]

Certain Canadian universities have recently turned their attention to increasing the number of women in STEM. In 2015, the University of Waterloo became the only Canadian university to participate in the United Nations' HeForShe IMPACT 10x10x10 campaign. It made a commitment that at least 33 percent of its STEM outreach program enrollment would be young girls and women, 30 percent of its faculty would be women by 2020, and women would represent 29 percent of its academic and senior leadership. Its other initiatives included leadership and mentorship roundtables, faculty advocates, a women's ideathon, gender-equality research grants, graduate student conferences, and women-in-STEM outreach. The university plans to share its progress publicly.[110]

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[105] *Women in science and engineering in Canada*, Corporate Planning and Policy Directorate of the Natural Sciences and Engineering Research Council of Canada, November 2010.

[106] Ibid. Darcy Hango,"Gender differences in science," December 2013.

[107] Lecia Barker and J. McGrath Cohoon, "How can you re-engineer your undergraduate program to increase women's representation in computing?" National Center for Women & Information Technology, May 1, 2008, www.ncwit.org.

[108] Lecia Barker and J. McGrath Cohoon, "Small steps toward systematic change (Case study 1)," National Center for Women & Information Technology, www.ncwit.org.

[109] "New report on women in STEM features Harvey Mudd's CS program," *Harvey Mudd College News*, March 26, 2015.

[110] "HeForShe IMPACT 10x10x10: Our commitment," University of Waterloo, https://uwaterloo.ca/.

Federal and provincial governing and funding bodies could implement voluntary equality and diversity accreditation programs for post-secondary institutions

In addition to attracting women to STEM and helping them complete their studies, colleges and universities could increase the number of women who participate in STEM research, which would include female faculty in STEM. This might also improve the probability that female STEM graduates would develop a career in STEM research. Research demonstrates that when female students view female science professors as positive role models, they regard science as more gender neutral than masculine and hold more pro-science career aspirations and attitudes.[111]

Canada could look to global leaders like the United Kingdom for programs that have spurred post-secondary institutions into acting. The United Kingdom's successful AthenaSWAN Charter program was developed and managed by the Equality Challenge Unit, a non-profit organization funded by the Scottish Funding Council, the Higher Education Funding Council for Wales, and Universities UK. It awards gold, silver, or bronze status to the STEM departments of post-secondary institutions that apply to the program. The awards are based on the departments' efforts to promote gender equality and racial diversity among the staff and student base. The status levels allow institutions to participate in various programs; for instance, the National Institute for Health Research reserves major funding for schools with gold or silver status.[112] AthenaSWAN now has 143 members and added departments in non-STEM fields in May 2015. [113] In September 2015, it expanded into Australia under the name SAGE pilot.[114] Since the program's inception in 2005, female representation in key positions and senior roles at post-secondary institutions has increased, and 90 percent of all AthenaSWAN institutional champions agree that the program has had a positive impact on gender issues in their institution.[115]

Canada's recently announced action plan for the Canada Research Chairs provides institutions with a strong signal about diversity and an incentive to actively promote it. Post-secondary institutions now have to create and implement tactics to nominate candidates that are more diverse for Canada Research Chair positions; if they fail to do so, they could lose their allocated research chair funds.[116] Expanding the AthenaSWAN program to Canada could also help lead to further gender diversity across the entire staff and student base and encourage healthy competition among institutions.

Corporations could participate in, or lead, women-in-STEM initiatives and campaigns that lead to positive change in society

Canadian STEM corporations could build their talent pipelines by investing capital and using their influence to advance women's status in STEM. This could be done individually or in collaboration with different stakeholders. The organizations could also draw on numerous examples from Europe and the United States. One is the L'Oreal Foundation, which launched a digital campaign called #changethenumbers in 2015 that aimed to change the social perception of women in science.[117] The TechPrep initiative, led by Facebook, provides resources for parents, guardians, women, and racial minorities to help them learn programming.[118] Jaguar LandRover, in partnership with the United Kingdom's Women

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111 Danielle M. Young et al., "The influence of female role models on women's implicit science cognitions," *Psychology of Women Quarterly,* volume 37, number 3, September 2013.

112 "Athena SWAN silver awards and biomedical research centre funding – deadlines set, " Equality Challenge Unit, www.ecu.ac.uk/.

113 "Athena SWAN charter," Equality Challenge Unit, www.ecu.ac.uk/.

114 Science in Australia gender equity (SAGE), www.sciencegenderequity.org.au/.

115 Fehmidah Munir et al., *Evaluating the effectiveness and impact of the Athena SWAN charter: Executive summary,* Equity Challenge Unit, May 2014.

116 "New measures to recruit more women, underrepresented groups to Canada Research Chairs," Tri-agency Institutional Programs Secretariat, May 4, 2017.

117 "#ChangeTheNumbers manifesto,", L'Oreal Foundation, fondationloreal.com.

118 "Creating a path into programming," Tech Prep by Facebook, https://techprep.fb.com/about/.

in Engineering and the WISE campaign for gender balance in science, technology, and engineering, offers sponsorship and outreach opportunities for young women.[119] Finally, several mobile phone and telecommunications companies have launched a networking program for girls called "Step into STEM".[120] Although Canada's technology companies have all invested in STEM programs for young people in general, they may have an opportunity to do more to increase the talent pool of Canadian women in STEM.[121]

2. ENABLE MORE WOMEN TO BE ENTREPRENEURS

Entrepreneurship, which is at the heart of growing small- and medium-sized enterprises (SMEs), represents a significant portion of Canada's economy. SMEs generate approximately 40 percent of Canada's GDP and account for more than 90 percent of jobs in the private sector.[122] Entrepreneurship is key to innovation, which is a driving force of the economy.[123] Increasing women's participation and success in entrepreneurship could play an important role in helping Toronto-Waterloo and other Canadian innovation clusters grow and prosper. Tech North's analysis of Canada's high-impact technology clusters found that Toronto-Waterloo is falling behind other leading innovation cluster cities, in part due to a lack of talent.[124]

Canada is well-positioned to become the world leader in female entrepreneurship. The Global Entrepreneurship Index published by the Global Entrepreneurship and Development Institute ranks Canada third out of 138 countries, behind the United States and Switzerland.[125] This index measures the health of each country's overall entrepreneurship ecosystem, including its local attitudes, beliefs, and infrastructure. Canada is also tied for second (with Australia) out of 31 countries on the Global Women Entrepreneur Leaders Scorecard, where it slightly trails the United States. Its biggest area for improvement on this index is its entrepreneurship pipeline for women.[126]

However, the country also faces significant challenges in achieving greater levels of female entrepreneurship. Only 16 percent of Canada's SMEs are majority owned by women, and they tend to be smaller and slower growing than those that are majority owned by men.[127] Therefore, focusing on providing more support for innovative, high-potential majority women-owned SMEs during their growth phases could be key to unlocking the potential of women in entrepreneurship.

Initiatives for consideration

To help bolster the number and success of majority female-owned SMEs, Canada could consider initiatives that actively target female entrepreneurs, supplementing the more general efforts that already exist. These efforts would provide a broad spectrum of assistance at all stages but would focus on increasing access to funding.

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[119] Alex Scroxton, "Telecoms firms launch STEM mentoring scheme for girls," *Computer Weekly*, March 3, 2016.

[120] Ibid.

[121] Jennifer Lewington, "Why tech giants are investing in STEM programs for students," *The Globe and Mail,* October 28, 2014.

[122] *Key Small Business Statistics*, Government of Canada, June 2016, www.ic.gc.ca/; Archived – *Key Small Business Statistics,*" Government of Canada, 2012, www.ic.gc.ca/; Laura Cooper, *Canadian women grabbing the baton*, RBC Economics Research, October 2013.

[123] Ibid. McKinsey Global Institute, *The power of parity UK report*, September 2016.

[124] *Tech North: Building Canada's first technology supercluster*, McKinsey & Company, December 2016.

[125] "The 2017 Global Entrepreneurship Index," The Global Entrepreneurship and Development Institute, 2017.

[126] *Executive summary from the 2015 global women entrepreneurs scorecard*, ACG Inc., 2015; *Global Women Entrepreneur Leaders Scorecard: Country-level five category scores from the 2015 global women entrepreneurs scorecard,* ACG Inc., 2015.

[127] Ibid. Government of Canada, *Key small business statistics*, June 2016; "Majority female-owned small and medium-sized enterprises," Government of Canada, May 2015, www.ic.gc.ca/.

Financial institutions could proactively identify and reach out to female entrepreneurs on their capital needs

Access to funding is crucial for startups as they launch, innovate, and grow their businesses, and it is a major issue for many female entrepreneurs. A higher percentage of majority female-owned SMEs reported financing as a major obstacle to growth, compared with majority male-owned SMEs.[128]

SMEs where women own the majority of the company (majority female-owned SMEs) request less financing than SMEs where men own the majority of the company (majority male-owned SMEs), which can mean they lack sufficient capital. After personal financing, the most common source of financing for Canadian startups is credit from financial institutions, which is used by nearly 45 percent of startups.[129] However, in 2014, only 45 percent of majority female-owned SMEs were likely to request external financing, compared with 53 percent of majority male-owned SMEs. In addition, majority female-owned SMEs typically asked for less financing when they did request it.[130]

This disparity in borrowing patterns could be driven by significant issues with access or information. Female entrepreneurs are more likely to be rejected for debt financing than male entrepreneurs. When Carleton University interviewed 100 female entrepreneurs, more than 80 percent of those interviewed had trouble accessing bank loans, and many interviewees felt "humiliated and frustrated" by their interactions with financial institutions.[131] Another study showed that women who lead businesses are only about half as likely to be aware of their financing options as their male counterparts are.[132]

Financial institutions that reach out to female entrepreneurs may be able to make promising business investments. Carleton University's research indicated that Canada's female entrepreneurs would react well to a more relationship-based approach to financing. Financial institutions could contact women entrepreneurs to learn about their businesses and provide information on and applications for financing options. The United Kingdom Bankers' Association launched a similar effort that is actively getting in touch with women entrepreneurs to provide more capital.[133]

Government could create a matching fund targeted at helping scale high-potential women-led businesses in the early and expansion stages

Government could play a key role in filling early-stage female-led SMEs' capital gap by creating a matching fund that is open to all SMEs but targets female-led ones. Currently, less than 5 percent of Canadian SMEs request financing from Canada's government, although its average approval rate is 83 percent. Even though male- and female-led SMEs are approved for approximately the same number of requests, female-led SMEs typically receive nearly 30 percent less per request than male-led SMEs (an average of $40,000, compared with $59,000, respectively). More research would be needed to determine the reason for this difference. Female-led businesses may ask for less financing, as they do in the private sector, or there may be other explanations.[134]

The Advisory Council on Economic Growth recommended that the Government of Canada do more to help small businesses build scale, focusing on two high-potential categories of SMEs. The first is high-impact SMEs that are growing at 20 percent per year, and that have

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[128] *Survey on financing and growth of small and medium enterprises*, 2014, Government of Canada, www.ic.gc.ca/.

[129] Ibid. Government of Canada, *Key small business statistics*, 2016.

[130] Ibid. Government of Canada, *Survey on financing and growth of small businesses*, 2014.

[131] Clare Beckton et al., *A force to reckon with: Women, entrepreneurship, and risk,* Carleton University, 2016.

[132] Ibid. Government of Canada, *Survey on financing and growth of small businesses*, 2014.

[133] *Banking on women: An action plan to open up access to finance for women,* UK Government Equalities Office, June 2013.

[134] Ibid. Government of Canada, *Survey on financing and growth of small businesses*, 2014.

export potential, risk-tolerant owners, and at least $10 million in revenue. The second is technology-focused SMEs that are increasing revenue at 40 percent per year. The Council suggested that the government create a matching fund that could provide $1 of matching money for each $2 of qualified private capital. Eligible SMEs could then obtain financing from this fund. The Council referenced several advantages of such a solution, including the fact that it allows high-growth SMEs to maintain control of their businesses, provides longer-term repayment periods of ten years or more, and minimizes financing fees. Because the returns to Canadians are expected to be higher, it is also preferable to a subsidy.[135]

A more targeted version of this fund could help high-potential women-led SMEs obtain the funding they need to grow over time. They could also gain support and mentoring from private investors and network with other entrepreneurs within the fund. In 2008, the United Kingdom implemented The Aspire Fund, a £12.5 million ($21.5 million) fund to which the government and private investors each contribute half of the funding to high-potential, women-led businesses.[136] The fund has supported a number of successful ventures since its conception.

The private sector could create a growth fund targeted at providing funding to female-led businesses during the later growth stage

The Advisory Council on Economic Growth recommended that the government encourage private-sector investors, for example banks, insurance companies, and pension funds, to create a private-sector growth fund that supports the growth of SMEs.[137] This would provide another method for financing SMEs at later stages of growth without additional taxpayer investment. To facilitate funding for female entrepreneurs, the growth fund could set formal targets that would promote and eventually obtain parity in the percentage of women-led SMEs it funds. Another alternative could be to create a specific fund for female-owned enterprises. It could identify women-led SMEs that would benefit from funding by sponsoring entrepreneurship events and affiliating with women in business associations.

Government could develop a national association that focuses on skill-building, mentoring, and networking opportunities for female entrepreneurs

Female entrepreneurs could benefit from a national resource with a local presence that offers access to knowledge, networks, and other tools that could build their confidence and skills. According to research from the Global Entrepreneurship Monitor, women are approximately 10 percent less likely than men to feel that they have the required knowledge, skills, and experience to successfully launch a business. They are also more likely than men to report feeling a fear of failure (14 percent more), and less likely to know another entrepreneur personally (5 percent less).[138] Current support for female entrepreneurs in Canada is very fragmented; many small organizations and membership associations operate at the provincial and local levels and on a small scale.

A large, national organization dedicated to female entrepreneurs would provide access to a wide network of new and seasoned entrepreneurs and ideas while offering efficiencies in terms of skill-building courses. The United States has the Small Business Association (SBA), a national organization that is headquartered in Washington, D.C., and has several local

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[135] *Unlocking innovation to drive scale and growth*, Canada Advisory Council on Economic Growth, February 6, 2017.

[136] "Aspire fund," British Business Bank, british-business-bank.co.uk/; "The Aspire fund," Creative Finance Network, creativefinancenetwork.co.uk/; "Aspire Fund – providing equity for women's businesses," European Institute for Gender Equality, eige.europa.eu/; "Women entrepreneurs secure £2 million investment with government backing," Department for Business, Innovation & Skills and the Right Honourable Michael Fallon press release, September 6, 2013, www.gov.uk/; Ibid. McKinsey Global Institute, *The power of parity UK report*, September 2016.

[137] Ibid. Advisory Council on Economic Growth, *Unlocking innovation to drive scale,* February 6, 2017.

[138] Karen D. Hughes, *GEM Canada report on women's entrepreneurship 2013 & 2014*, Global Entrepreneurship Monitor, November 2015.

offices around the country. The SBA offers counselling and mentoring, skill building through its online learning centre, information on obtaining government contracts, and risk sharing for loans.[139] Its site is user friendly and a valuable resource. If Canada decides to pursue this option, it might be able to create a similar resource by building on the Canada Business Network, which already has an information centre and a repository of helpful links but would need to be expanded significantly to provide the same services as the SBA.[140]

Leading Canadian incubators and accelerators could adopt a targeted approach to attract female entrepreneur applicants

Exciting opportunities exist for young, high-potential Canadian entrepreneurs at the country's leading accelerators and incubators, including programs that provide financing, development, networking, and mentorship opportunities with some of Canada's brightest and most successful business leaders. Several leading accelerators and incubators have already developed initiatives to address the gap between men and women in entrepreneurship. However, data indicate that progress is slow and a more strategic plan and targeted effort may be needed. This initiative could help attract more applications from women and help incubators and accelerators support a more gender-balanced group of entrepreneurs.

Communitech's Women in Tech mentorship program is one initiative helping to lead the way.[141] Another is the MaRS incubator, which is making a concerted effort to address the gap in female entrepreneurs. For instance, MaRS hosts a "Moving the Dial" event that tries to increase female entrepreneurs' representation and success in tech. However, when we examined the companies that shared gender information and that MaRS helped in 2015, we found that only 30 percent of them had at least one female founder.[142] Furthermore, only 10 to 32 percent of the entrepreneurs that incubator Next36 supported from 2014 to 2016 were women.

3. REDUCE GENDER INEQUALITIES IN CHILD CARE AND UNPAID CARE WORK

By redistributing unpaid care work, Canada could potentially free up women's time, which they could then spend in the workforce, in activities that benefit society, at home, or in political activities—whatever women's personal choices would be. Canada would benefit economically, politically, and socially from this redistribution. The work could be shared with men in the household or be provided by an external resource such as a child-care or elder-care centre. The availability of affordable, accessible, high-quality child care is one of the most important initiatives in this area.

Unpaid care work is defined as health care and support services provided at no cost to household members. It includes routine housework, such as cooking and cleaning, as well as child care and assistance to other family members. In both rich and poor countries, the responsibility for this type of care falls disproportionately on women, who provide almost twice as much of it as men.[143] In Canada, women spend, on average, approximately 4.5 hours per day on unpaid care work, which reflects the fact that they spend more than twice as much time on child care as men do.[144]

The lack of external and intra-family support for child and other care work also affects the type of jobs women take and the hours they can work.[145] Although most Canadian women

[139] "An introduction to the SBA," U.S. Small Business Administration, www.sba.gov/.

[140] *Canada Business Network – about us*, Government of Canada, canadabusiness.ca.

[141] "Women in tech mentorship program," Communitech, www.communitech.ca.

[142] Charlotte Evans, "Women in Toronto are 'moving the dial'," MaRS Blog, February 10, 2017, www.marsdd.com.

[143] "Short-changed: make work paid, equal & valued for women," Oxfam Briefing Note, October 2016.

[144] *General Social Survey–2010: overview of the time use of Canadians*, Statistics Canada, 2010.

[145] Brittany Lambert and Kate McInturff, *Making women count: the unequal economics of women's work*, Canadian Centre for Policy Alternatives, March 7, 2016.

with children are in the workforce, Canada only spends between 0.2 percent and 0.34 percent of GDP on early childhood education and care; this is half of the OECD average and one-third of the international recommended minimum of 1 percent for public funding of children aged 0 to 5.[146]

Striking a more equitable balance in the amount of unpaid care work women and men provide could help women contribute more to the economy, politics, and society. With additional paid time, women could contribute more to their family's income and pursue training and education that increases their earning potential.[147] However, we recognize that balancing work and unpaid care work is a deeply personal choice, and not all women with caring responsibilities also want to do paid work. The goal of gender parity is to create an environment that allows both men and women to exercise their personal choices.

Initiatives for consideration

A number of interventions including government-led structural changes and private-sector initiatives could collectively address inequalities in unpaid care work. They either redistribute this care between the men and women in the home or reduce the amount of time spent on it in the home by redistributing it to an outside provider.

Government could adopt parental-leave policies that target men

Canada has made great strides in providing flexible parental-leave benefits. The 2017 Federal Budget extended employment insurance (EI) parental-leave benefits up to 18 months, split between the parents at their discretion. However, only 14 percent of Canadian fathers claim EI parental-leave benefits after their child's birth; 20 percent claim these benefits following an adoption. Even when men take parental-leave benefits, they tend to take them for significantly shorter periods than women do. According to data published by the Canadian Employment Insurance Commission (CEIC), when both members of a couple took parental-leave benefits, women on average collected 23 weeks while men collected 11 weeks.

To achieve a more equitable balance of unpaid care work between men and women, the government and corporate policies may need to encourage men to claim parental benefits. Research shows that paternity leave not only promotes gender parity, but also increases fathers' involvement with young children, fosters less gender stereotyping in the workplace, and inclines employers to hire more women.[148] Parental-leave policies that target fathers have also increased men's uptake. Sweden, where close to 90 percent of Swedish fathers take paternity leave, was the first country in the world to introduce a gender-neutral, paid, parental-leave allowance. Currently, three months of parental leave is reserved for each parent. Although the initial number of paid parental leave days taken by men was low, revising the program to include a "daddy quota"—specific portions of paid parental leave reserved as a non-transferable entitlement for the father—has led to fathers taking 25 percent of the total parent leave. The revised program also offers "bonus periods" to families where another month is added to their total allowance if each parent takes at least one month of parental leave.[149] Quebec also has a parental leave scheme targeting fathers (Box 13, "The Quebec Parental Insurance Plan").

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[146] *Childcare 2020. Child care in Canada by 2020: A vision and a way forward*, A discussion paper for Canada's fourth national childcare policy conference, November 13 to 15, 2014.

[147] Ibid. Oxfam Briefing Note, "Short-changed: make work paid," October 2016.

[148] Evridiki Tsounta, *Why are women working so much more in Canada? An international perspective*, International Monetary Fund (IMF) working paper number 06/92, April 2006; Willem Adema, Chris Clarke, and Olivier Thévenon, *Background brief on father's leave and its use*, OECD, March 2016; Policy brief on *parental leave: Where are the fathers?*, OECD, March 2016.

[149] "Why Swedish men take so much paternity leave," *The Economist*, July 23, 2014; "Quick facts: Childcare, equality," Sweden, https://sweden.se/; Ibid. OECD, Brief on parental leave, March 2016.

Box 13. The Quebec Parental Insurance Plan

Quebec is the only province in Canada to introduce parental leave that targets fathers. Since its introduction in 2006, the number of fathers claiming paternity leave has nearly tripled, from 28 percent in 2006 to 78 percent in 2014.[1] The plan's paternity leave offers fathers three weeks of leave at 75 percent of their average weekly earnings or five weeks of leave at 70 percent of their earnings, with a ceiling of $70,000 per year.[2]

1 *2014/15 Employment insurance monitoring and assessment report*, Canadian Employment Insurance Commission, 2015.

2 Donna S. Lero, *Current stats on paternity leave and fathers' use of parental leave and income support in Canada and Quebec*, Centre for Families, Work and Well-Being, University of Guelph, June 2015.

Government could leverage lessons from child-care programs in Quebec and other countries when building the National Framework on Early Learning and Child Care

Access to affordable, quality child care is important to early learning, reducing unpaid care work, and increasing women's labour force participation.[150] Investments in the child-care economy often have a multiplier effect on women's employment because women are also more likely to find work in this sector.

The Government of Canada is working on developing a framework that will deliver affordable, high-quality, flexible, and fully inclusive child care to Canadian families. The National Framework on Early Learning and Child Care aims to strengthen and improve the way existing subsidized child-care programs are assessed. Initiated in 2016, the framework will be a joint effort of the Federal Government, the provinces, territories, and Indigenous peoples. Over the next three years, this federally funded program could create up to 40,000 new, subsidized child-care spaces for low- and modest-income families.[151]

To create accessible, affordable child care throughout Canada, the Government of Canada could consider a number of steps that could assist with the implementation of its national framework. For instance, it could identify the current supply of government-sponsored and private child care, the standards in place for these, and then track their use so that families with the greatest needs are given priority access. Determining the necessary annual increases in funding in addition to investments could help the government to promote the program's sustainability and future growth.[152] Any additional investment would go beyond the $500 million in 2017 to 2018 (with $100 million earmarked for Indigenous child care on reserves) and the proposed additional $7 billion over 10 years starting in 2018.[153]

The Government of Canada could also consider drawing on insights from existing subsidized child-care programs when building the national framework. Sweden has been offering public, tax-subsidized daycare since 1975.[154] Quebec introduced subsidized child care in 1997 (Box 14, "Quebec's subsidized child-care program"). Both offer valuable insights. Quality of care, including class sizes and child-to-adult ratios, is a frequently cited pain point in existing programs and should be prioritized in the national framework. When Sweden introduced affordable child care, it faced increased demand for these services. Sweden still has waiting lists decades after the program's launch despite the fact that

150 Ibid. *Childcare 2020,* Discussion paper for Canada's fourth childcare policy conference, November 13 to 15, 2014.

151 *Supporting families through early learning and child care*, Government of Canada, March 22, 2017.

152 Jordan Press and Joanna Smith, "Child care in Canada expected to get long-term funding in federal budget," *Global News*, March 15, 2017.

153 *Growing the middle class: Budget 2016,* Ministry of Finance, March 22, 2016.

154 Erin Anderssen, "What the world can teach Canada about building better daycare," *The Globe and Mail,* October 23, 2013.

municipalities are now required by law to find a child-care space within three months.[155] Most of Sweden's daycare centres are public, although the government kept a small number private providers in the belief that competition helps maintain overall quality standards.[156]

Corporations could collectively invest in accessible, affordable, and high-quality child care for their employees and the broader community

The public and private sectors need to collaborate to ensure that accessible, affordable, high-quality child care becomes sustainable. Private-sector involvement could include onsite child care and early education, employee contributions, and philanthropic investments in the broader community.

Existing private-sector programs could help identify best practices for Canadian employees. One example is IBM's Global Work/Life Fund, a multi-year $50 million fund that supports child-care and elder-care programs for employees worldwide. The fund augments the supply of services in communities where IBM employees live and work, creates global initiatives to improve the quality of dependent care, supports the development of new and innovative child-care programs, and invests in more than 300 child-care centres throughout the world. It requires that the child-care centres it supports give IBM employees priority.[157]

Corporations also provide affordable child care by offering discounts at child-care centres or reimbursement for child care during travel. For example, Johnson & Johnson provides onsite child-care programs for employees at its worldwide headquarters and other locations and contracted with national US child-care companies to provide its domestic employees with a discount at their affiliated centres nationwide. The company also piloted the establishment of a network of licensed family daycare providers, subsidizing these providers' fees on a sliding scale based on family income.[158]

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[155] Ibid. Erin Anderssen, "What the world can teach Canada," October 23, 2013.
[156] Ibid.
[157] *2017 IBM Benefits and Program Summary*, IBM Corporation, 2017.
[158] *Meeting the needs of today's workforce: Child care best practices,* U.S. Department of Labor, 2009.

Box 14. Quebec's subsidized child-care program

In 1997, Quebec introduced affordable child care for pre-school children. Families contributed $5.00 per child, per day. As of January 1, 2017, the basic contribution was set at $7.75 per day, per child, for families with a net family income of $50,920 or less.

The Quebec system offers three types of child care: non-profit centres, like Carrefour; home daycares that are regulated and managed as non-profits; and private, for-profit centres that offer low-fee places. Full-day kindergarten is also available for five year olds, and schools are required to provide after-school care, too.

Although Quebec continues to debate the quality and availability of its subsidized child-care program, it is recognized as a major improvement over the unlicensed, unmonitored care that many Canadian parents face today.

According to one study, Quebec's universal access to low-fee child care enabled nearly 70,000 more mothers to join the workforce by 2008, an estimated increase of 4 percent in women's employment across the province. Moreover, the total of the government revenue from women's increased labour force participation, the tax income, and the reduction in Quebec's refundable tax credit for private daycare was estimated to have exceeded the cost of the program.[1]

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[1] Ibid. Oxfam Briefing Note, "Short-changed: make work paid," October 2016; Pierre Fortin, Luc Godbout, and Suzie St-Cerny, *Impact of Quebec's universal low-fee childcare program on female labour force participation, domestic income, and government budgets*, Université de Sherbrooke, 2012; "Daily daycare costs," Government of Quebec, www.budget.finances.gouv.qc.ca/.

Smaller companies are trying to improve accessibility to child care by allowing employees to bring their children to work. T3 is a woman-owned advertising, marketing, and public relations think tank that offers a program called "T3 and Under." The program benefits employees returning from maternity or paternity leave by allowing them to bring their newborns to work until the age of six months. It includes reserved parking and baby-friendly offices. The program was initiated by the President of T3 when she realized that four of her employees were preparing for maternity leave around the same time. Concerned that she was going to lose these valuable workers and understanding the needs of the new mothers, she decided to support their transition back to work.[159]

Government could further invest in and develop new policies that improve access to elder-care support

In almost every country, longer life expectancy and declining fertility rates are causing the proportion of people aged 60 years and older to grow faster than any other age group.[160] By 2055, Canada's elderly are expected to represent 25 percent of the total population.[161] This increase will place much higher demands on long-term-care facilities and unpaid caregivers. Without a reduction in the current inequality of unpaid care work, these unpaid caregivers will be mostly women.

Because community support for elderly people is limited in Canada today, many Canadian seniors are in costly acute-care settings. Less expensive community facilities, such as residential care, assisted living, or home care, are not available.[162] Furthermore, Canadian primary-care physicians are among the least likely primary-care physicians in Commonwealth countries to make home visits and are therefore not likely to be able to help reduce caregivers' workload.

Continued public investment in long-term care facilities and improved access to care for the elderly could be important for the aging population and unpaid caregivers. The Government of Canada could develop new elder-care policies after assessing the strengths and improvement opportunities in its current programs. It could also leverage insights from other countries. Denmark, for example, uses taxation to help provide public care for the elderly and free permanent long-term care to all legal residents. Many East Asian and Southeast Asian countries provide adult daycare and counselling services to help care providers.[163] Uruguay's National Care System is a care model that distributes the responsibility for dependent care among families, the state, the community, and the market.[164]

4. AMPLIFY WOMEN'S VOICE IN POLITICS

Although Canada has increased women's participation in politics, opportunities remain. Research shows that people's interest in, knowledge about, and attitudes toward politics are formed at a young age and continue evolving throughout their lives. For this reason, potential initiatives will need to address multiple life stages and involve many stakeholders who are potential influencers. Almost anyone a girl or woman encounters can help them to make themselves heard and participate in the political life of the nation.

Canadian women and the country in which they live could benefit significantly from women's increased participation in politics. The fact that women are still underrepresented in politics means that Canada is not receiving the full advantage that their skills, experience, and

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159 "T3: About us," T3, www.t-3.com/.

160 "Health topics: Ageing and life course," *World Health Organization*, 2014. www.who.int/; Jennifer Verma et al. *Healthcare priorities in Canada: A backgrounder,* Canadian Foundation for Healthcare Improvement, 2014.

161 "Annual demographics estimates: Canada, provinces and territories," Statistics Canada paper 91-215-X, 2014; Ibid. Jennifer Verma et al. *Healthcare priorities in Canada*, 2014.

162 Ibid.

163 Toshiko Kaneda, *Health care challenges for developing countries with aging populations*, Population Reference Bureau, April 2006.

164 *Plan nacional de cuidados 2016-2020,* Junta Nacional ce Cuidados, 2015.

leadership styles can bestow and cannot ensure that its political leadership reflects the best its population has to offer. Second, involving more women in politics could enhance the political process and decision-making outcomes. Research indicates that women tend to exhibit certain effective leadership styles and behaviour more than men do, and involving them more in politics might bring a wider range of approaches and perspectives that would benefit Canada.[165]

Women make up more than 50 percent of Canada's population but account for only about 25 percent of its political leaders at all levels of government across the country.[166] Although this overall percentage falls short of the United Nations' 30 percent target, which is the minimum percentage of women leaders deemed to be required to achieve the critical mass needed to influence political culture and policy, Canada can be proud of the progress it has made in this area.[167] British Columbia, Labrador, Newfoundland, and the Yukon have already achieved the 30 percent target and Quebec is close to doing so.

However, women are still significantly underrepresented in absolute terms at all political levels. At the federal level, the overall percentage of women in the Senate and the House of Commons is only 29 percent—less than one-third. The Cabinet, appointed by the federal government in 2015, is the first one to be gender balanced, but women in the House of Commons, with elected Members of Parliament, have only a share of 26 percent of all members. Women's representation in the committees within the Cabinet and House of Commons also remains low.[168] At the provincial and territorial levels, 28 percent of political representatives are women.[169] At the municipal level, 27 percent of politicians are women, up from 21 percent in 2006.[170]

One of the primary reasons that fewer women are in political leadership positions is that fewer of them run for office. In the 2015 federal election, for example, less than 30 percent of candidates were female.[171] The reason why more women do not run for office is unclear. Studies of Canadian voter preferences have not revealed a gender-based bias.[172] Identifying the drivers of women's reluctance to stand for office could be crucial as Canada starts to address this issue.

Initiatives for consideration

A number of initiatives could help build women's interest in politics at different stages in their life. Parents, educational institutions, political parties and policy makers, the media, and other stakeholders could consider the following options for accelerating political change and encouraging women to run for office.

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165 Alice Eagly, Mary Johannesen-Schmidt, and Marloes van Engen, "Transformational, transactional, and laissez-faire leadership styles", *Psychological Bulletin*, volume 129, number 4, 2003; Alice H. Eagly and Mary Johannesen-Schmidt, "The leadership styles of women and men," *Journal of Social Issues,* volume 57, number 4, 2001; Bernard M. Bass, *Bass & Stogdill's handbook of leadership: theory, research, and managerial applications, third edition,* Free Press, 1990; Bernard M. Bass and Bruce J. Avilo, "Developing transformational leadership: 1992 and Beyond," *Journal of European Industrial Training,* volume 14, issue 5, 1990; *Women Matter 2*: *Female leadership, a competitive edge for the future*, McKinsey & Company, 2008; David Coletto, "Finding parity: Canadian opinions about women in politics," Abacus Data, March 6, 2017.

166 *Female population*, Statistics Canada report 89-503-x, ongoing. The 25 percent refers to the House of Commons, Senate, provincial legislature, Mayors, and City Councils as of July 1, 2014.

167 *Programme of work for the expert group meeting on October 24 to 27, 2015*, Division for Advancement of Women, United Nations Department of Economic and Social Affairs, 2015.

168 Jennifer Ditchburn, "'Because it's 2015': Trudeau forms Canada's 1st gender-balanced Cabinet," CBC News, November 4, 2015.

169 "Party leaders and standings," Parliament of Canada, January 3, 2017, www.lop.parl.gc.ca/.

170 "Women in local government," Federation of Canadian Municipalities, May 1, 2015, www.fcm.ca/. The percents reflect mayor and councillors; *Women in local government: Getting to 30% by 2026*, Federation of Canadian Municipalities, February 2012.

171 "Women candidates in general elections – 1921 to date," Parliament of Canada, October 19, 2015, www.lop.parl.gc.ca/; "List of candidates for the 42nd general election," Elections Canada, October 19, 2015, www.elections.ca/.

172 J.H. Black and L. Erickson, "Women candidates and voter bias: do women politicians need to be better?" *Electoral Studies*, volume 22, issue 1, March 2003; Elizabeth Goodyear-Grant, "Who votes for women candidates and why? Evidence from recent elections," *Voting Behaviour in Canada*, Cameron Anderson and Laura Stephenson (eds.), University of British Columbia Press, 2010; Ibid. Brenda O'Neill, "Unpacking gender's role," 2015.

Parents, teachers, others could discuss potential careers in politics with young women

Because research suggests that differences in political ambition may develop in early childhood, key influencers of young girls could make a significant difference by introducing them to, and encouraging their interest in, politics.

According to a United States study of more than 2,100 college students, women are far less interested in political careers than men. Men are twice as likely as women to have thought of running for office "many times" while women were 20 percentage points more likely than men to "never have considered it."[173] A similar study in Canada also found that women were less likely than men to consider running for office; the numbers were 15 percent and 28 percent, respectively.[174]

This and other research also found that parents' early behaviour has a strong influence on their daughters' future interest in politics. The US research found that parental encouragement is important for many women who might consider running for office. It also discovered that female respondents received less encouragement to consider a political career from their parents, teachers, and friends than male respondents did. A Canadian study's finding confirmed the importance of parental influence, finding that a politically engaged mother can have a particularly strong influence on her daughter.[175] The study's authors recommended that parents discuss the possibility of pursuing political careers with their daughters. This could help young women create better educational paths to support such careers.

Teachers could also play a more active role in building their female students' interest in political careers by, for example, encouraging them to participate in relevant extracurricular activities such as public speaking, debates, and model United Nations.

Higher educational institutions could create programs to encourage women to engage in political activities and prepare them for political campaigns

Research shows that women are less likely to engage in political activities and appear to feel that they are not qualified to run for office. First, women tend to participate less in political activities. According to US research, female college students are less likely to take political science classes, run for student government positions, and discuss politics with their friends.[176] It is these activities that help spark students' interest in, and encourage them to aspire to, elected offices. A Canadian study also found that women tend to be less likely to be immersed in politics, which may also explain the fact that they are less likely to consider a political career.[177] Second, the US study found that women felt they would be underqualified to run for office in the future.

Post-secondary institutions have an opportunity to help fill these gaps by developing programs on campus that start to build women's interest and confidence in political activities. This effort could focus on recruitment, student government, or enrollment in political science courses. Student governments and faculty could be instrumental in determining how to increase women's participation in course discussions and raise their political awareness and activity. They could also consider offering political education programs that would increase their confidence and encourage them to consider and plan for a political career. For example, Yale Law School hosts a weeklong summer program that prepares women to run for office.[178]

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[173] Jennifer Lawless and Richard Fox, "Girls just wanna not run: The gender gap in young Americans' political ambition," Women and Politics Institute, March 2013.

[174] Bruce Anderson and David Coletto, "Politics anyone," Press Release, Abacus Data, abacusdata.ca/.

[175] Elisabeth Gidengil, Brenda O'Neill, and Lisa Young. "Her mother's daughter? The influence of childhood socialization on women's political engagement," *Journal of Women, Politics, & Policy*, volume 31, issue 4, 2010.

[176] Ibid. Jennifer Lawless and Richard Fox, "Girls just wanna not run," March 2013.

[177] Ibid. Brenda O'Neill, "Unpacking gender's role," summer 2015; Elisabeth Gidengil et al., *Citizens*, University of British Columbia Press, 2004.

[178] "Women's Campaign School at Yale University," Yale University, www.wcsyale.org/.

Political parties could actively recruit and nominate women in key ridings

The overall number of women put forward by political parties is not yet at parity. In the 2015 federal election, men dominated political candidacy across all major political parties. The New Democrats had 43 percent female candidates, the Greens 40 percent, the Liberals 31 percent, and the Conservatives 19 percent.[179] Some parties are trying to address this. For example, the New Democrats Party has a Women's Council that promotes gender equality within the party, and the Liberal Party set a goal of fielding a minimum of 33 percent female candidates in the 2015 federal election.[180] Establishing concrete, measurable targets has proven to be an effective method for increasing female representation.[181] In Europe, where ten countries have female representation of more than 30 percent in national parliaments, eight of them have either legislated or set party quotas.[182]

Canada could consider what it could do to narrow its candidacy gender gaps. The Law Commission of Canada suggested that Canada's "first past the post" system may prompt political parties to nominate those candidates that they feel are most likely to win. This may tend to discourage the nomination of women and minorities.[183] Further research on gender inequality in Canadian politics has also revealed that women are disproportionately nominated for ridings that are traditionally won by another party, which could produce a situation where it is even more difficult for them to win.[184] As we have noted, Canadian voters do not have a gender bias in voting preferences. In theory, therefore, if the parties chose to address the two patterns we have discussed and placed women candidates in more winnable ridings, this could result in a higher number of elected women and higher representation of women on both Cabinet and House of Commons committees.

Media could publicize statistics and stories about female role models in politics

The media could play an important role in advancing women's equality in politics. Many Canadians are unaware of the current gender disparity. The majority of respondents surveyed in a study by Abacus Data and Equal Voice believe Canada has a sufficient number of women politicians—or too many—despite evidence to the contrary.[185]

Research has also found a gender difference in the way the media often portrays politicians. Media coverage about female politicians tends to focus on superfluous topics like their appearance rather than relevant political concerns. Such distracting, potentially harmful portrayals can minimize the impact that these women have on politics and the country. [186] They may also contribute to women's reluctance to consider a political career. The Canadians surveyed found it challenging to name Canadian women role models in politics.[187]

If the media could raise awareness about Canada's gender imbalance in politics, highlight the achievements of women politicians, and promote an inclusive environment that helped ensure

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[179] Ibid. "Women candidates in elections," October 19, 2015; Ibid. "Candidates for the 42nd election," October 19, 2015.

[180] "Women's Council," New Democratic Party of Canada, womenscouncil.ndp.ca/; Women Candidates, Liberal Party of Canada, https://nwlc-clfn.liberal.ca/.

[181] *Women in the workplace: By the numbers*, McKinsey & Company and Lean In, 2015.

[182] Lenita Freidenvall and Drude Dahlerup, "Electoral gender quotas and their implementation in Europe," Directorate-General for Internal Policies, European Parliament, 2013; Ibid. McKinsey Global Institute, *The power of parity UK report*, September 2016.

[183] *Voting counts: Electoral reform for Canada*, Law Commission of Canada, 2004; Erin Virgint, "Electoral systems and women's representation," Parliament of Canada, https://lop.parl.ca/.

[184] Melanee Thomas and Marc André Bodet, "Sacrificial lambs, women candidates, and district competitiveness in Canada," *Electoral Studies*, volume 32, issue 1, March 2013.

[185] David Coletto, "Finding parity: Canadian opinions about women in politics," Abacus Data, March 6, 2017, abacusdata.ca/.

[186] Sylvia B. Bashevkin. "Women, power, politics: The hidden story of Canada's unfinished democracy," Oxford University Press, 2009; "50% population, 25% representation. Why the parliamentary gender gap?" CBC News, October 2015, www.cbc.ca/.

[187] Ibid. David Coletto, "Finding parity: Canadian opinions," March 6, 2017.

that women's political voices are heard, it could spur gender equality in politics by inspiring young girls and women to enter that field.

Governments could create a culture of inclusivity in politics by implementing measures that range from addressing work-life balance to fostering a climate of safety

The Federation of Canadian Municipalities found that family responsibilities were preventing women from being more involved in municipal politics. It recommended that councils adopt several initiatives, including providing accessible daycare, modifying schedules to accommodate family needs, and subsidizing the costs of child care and care for the elderly.[188] All levels of government in Canada might benefit from such initiatives, which could also encourage more women to consider running for office.

The safety of women in political positions has been discussed frequently in the past few years after several female Members of Parliament and Members of the Legislative Assembly stated that they experienced sexism, intimidation, or harassment. After two Members were suspended for "serious personal misconduct", the House of Commons implemented a policy to address sexual harassment among Members of Parliament in the fall of 2015.[189] No code of conduct or procedure existed to address such claims prior to this.[190] Other government offices, like Nova Scotia, are following suit, and some are also pursuing sensitivity training for caucuses and staff.[191] Further assessments will be needed to determine if this training is effective in creating a safe working environment for all Canadian political leaders and staff.

5. REDUCE GENDER BIAS AND RESHAPE SOCIAL NORMS

Research has shown that underlying social norms and attitudes about gender equality are critical drivers of gender equality outcomes. MGI's analyses of the World Values Survey and data from OECD revealed a strong link between attitudes that limit women's potential and actual gender equality outcomes in a given country.[192]

In Canada, young people and adults alike largely agree that gender equality is important, but unconscious biases emerged when beliefs about roles and behaviours are examined. A 2011 survey of Canadians by Plan Canada found that more than 90 percent of Canadian youth subscribed to the principle of gender equality. Ninety-one percent of respondents said that they believed that gender equality was good for both boys and girls, 96 percent that girls should have the same opportunities and rights as boys when making their choices in life, and 95 percent that both parents should take equal responsibility for their children. However, the results were mixed when it came to views on actual roles. Forty-eight percent of youth respondents said they believed that men should be responsible for earning the income and providing for the family, and 31 percent of boys said that women's most important role is to care for the household and cook for the family. The attitudes of the adult population mirrored that of youth respondents, with 43 percent agreeing with the view that men were responsible for providing financially, and 24 percent that women are primarily responsible for running the household.[193]

Canadians' social attitudes toward women, work, and family life have remained largely the same for the past 20 years. As a result, Canada is falling behind a number of other countries

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188 Ibid. *Women in local government*, February 2012.

189 "Leader's statement concerning allegations of personal misconduct by liberal MPs," Liberal Party of Canada, November 5, 2014, www.liberal.ca/; "Statement by Liberal Party of Canada leader Justin Trudeau on allegations against two members of Parliament," Liberal Party of Canada, March 19, 2015, www.liberal.ca/.

190 "Judy Foote says no process in place for MP harassment allegations," CBC News, November 6, 2014; "Liberal MPs Scott Andrews, Massimo Pacetti suspended from caucus pending harassment allegations," CBC News, November 5, 2014.

191 *Nova Scotia House of Assembly policy on the prevention and resolution of harassment in the workplace (policy)*, Nova Scotia House of Assembly, May 19, 2016; Keith Leslie, "At least two Liberal MPs have been accused of sexual harassment in past three years, Ontario premier reveals," *National Post,* May 3, 2016; Ibid. "Statement by Justin Trudeau on allegations," March 19, 2015.

192 Ibid. McKinsey Global Institute, *The power of parity UK report*, September 2016.

193 "Canadian youth perceptions on gender roles and inequalities," Plan International chat sheet for initiative around "Because I am a girl", 2011.

on this front. The International Social Survey Programme found that Canadians only slightly disagree with the following statements: "A pre-school child is likely to suffer if his or her mother works"; and "All in all, family life suffers when the woman has a full-time job." These responses have not changed between 1994 and 2013, a period when other countries' responses have shifted toward stronger levels of disagreement. Such countries include the United Kingdom, Norway, Poland, and Japan. These countries started with higher levels of agreement than Canada but now have much lower ones.[194]

Initiatives for consideration

Shifting attitudes and norms is a formidable challenges that will take significant time, but it is crucial if Canada is to achieve its gender equality aims.

Parents, teachers, and not-for-profit organizations could provide programs and campaigns that help young girls and boys address gender attitudes/biases

Gender biases and norms develop early in life. Research shows that, at age six, girls are already less likely than boys to believe that members of their gender are "really, really smart."[195] By their teenage years, girls' and boys' definitions of gender roles mirror those of the adult population.[196]

Parents, teachers, and not-for-profit organizations could play a key role in educating young girls and boys about gender biases and in correcting influences that help foster these biases. The United Kingdom has many examples of successful programs and campaigns. For instance, the "Let Toys Be Toys" campaign, started by a group of parents, petitions major retailers to remove gender labelling from toys. Two years after it began, the use of "for Girls" and "for Boys" signs on toys in stores has fallen by 60 percent and the use of "for Girls" and "for Boys" categories in toys on websites has dropped by 46 percent.[197] The United Kingdom's National Union of Teachers works with teachers in primary schools to help them challenge their own stereotypes about work and social opportunities; the union provides materials and discussion forums.[198] Its "Great Men" initiative brings young boys aged 12 to 18 into workshops that address gender stereotyping and its associated behaviours.[199] Canada could consider launching similar training and lobbying efforts that highlight the importance of and provide early education on gender stereotyping.

Media can increase women's visibility and eliminate bias in their portrayals of women and girls

The media could use its immense power to help reshape the gender norms that permeate Canada's society, looking first at its own performance. The negative effects of the underrepresentation and misrepresentation of women in media has been abundantly demonstrated by research. It can produce lower self-esteem, introduce and reinforce gender stereotypes, and highlight the lack of positive female role models.[200]

Canadian women are significantly underrepresented in the media. Research revealed that women comprise only 32 percent of the Canadians quoted in national print and broadcast media. The political category is the only one in which this percent aligns with women's representation in real life. In all other occupational categories, women are underrepresented relative to employment splits by gender.[201] The non-profit organization Informed Opinions

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194 *Family and changing gender roles*, Carleton University, 2013.

195 Lin Bian, Sarah-Jane Leslie, and Andrei Cimpian, "Gender stereotypes about intellectual ability emerge early and influence children's interests," *Science,* volume 355, issue 6323, January 2017.

196 Ibid. Carleton University, *Family and gender roles*, 2013.

197 "About the campaign," Let Toys be Toys, lettoysbetoys.org.uk/.

198 *It's child's play: Challenging stereotypes through reading,* National Union of Teachers, 2014.

199 "Engaging boys: disrupting gender stereotypes," Great Men, www.great-men.org/.

200 Julia T. Wood, "Gendered media: The influence of media on views of gender," in *Gendered lives: Communication, gender, and culture*, Cengage Learning, 2008; Marika Morris, *Gender of sources used in major Canadian media*, Informed Opinions, 2016.

201 Ibid. Marika Morris, *Gender of sources*, 2016.

started to address this issue by building a database called ExpertWomen. The database catalogues Canadian female guests, speakers, and experts who have made and are available for public appearances.[202]

Misrepresentation in the media often depicts and reinforces female and male stereotypes. These can present distorted pictures of what is socially acceptable in terms of how people should look, think, and act, and can strengthen problematic gender stereotypes in younger boys and girls.[203] In Canada, Media Action created the REPRESENT project, a multi-platform media forum that combines content from many Canadians and uses it to improve the portrayal of women.[204]

Journalists and media outlets could start to address these issues by actively striving to increase their representation of females in their media and committing themselves to debiasing women's portrayals. All Canadians, including the media, could also consider starting to use platforms like ExpertWomen and REPRESENT.

Corporations could undertake public relations and advertising efforts that challenge gender bias

Many corporations believe that they have a social obligation to advertise responsibly and drive positive social impact, helping to forge a positive image of the company and stronger consumer relationships. Many organizations have addressed gender bias through their advertising and its associated channels. Canadian corporations could consider how they can use their advertising to erode gender stereotypes and promote gender equality. Examples already exist. For instance, Unilever embarked on an #unstereotype effort that removed stereotypic portrayals from all of its advertising.[205] P&G's brand Ariel India launched the #ShareTheLoad campaign, which highlights the unequal division of housework in India and challenges fathers and husbands to create a more "equal" home by taking on chores—for example, doing laundry.[206] P&G's Pantene also released a case study video called "Labels Against Women" that highlighted the different words used to describe a man and a woman in the workplace when they were exhibiting the same behaviours. The video garnered more than 200 million media impressions, which highlights the power of media and social media in amplifying gender equality efforts.[207]

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Advancing gender equality in Canada is a $150 billion economic opportunity. Three economic levers can make it happen: improving female labour force participation, moving women into high-productivity sectors, and increasing the number of hours worked by women. Pulling these levers will require prioritizing action in a few key areas of high gender inequality. Corporations have a significant role to play in attracting, retaining, and advancing women within the corporate pipeline. Similarly, a broader set of stakeholders also has the responsibility to improve gender equality in the economy and society by: removing barriers against women participating in STEM fields; enabling more women to be entrepreneurs; reducing gender inequalities in child care and unpaid care work; amplifying women's voice in politics; and, most important, doing the hard work of reducing gender bias and reshaping social norms. Committing from the top, engaging men as well as women, creating partnerships, pooling resources, and tracking results are key factors for success. Through commitment and persistence, Canada can reenergize economic growth and build a stronger nation in advancing women's equality.

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[202] "Featured experts," ExpertWomen as part of Informed Opinions, expertwomen.ca/.

[203] Ibid. Julia T. Wood, "Gendered media: Its influence on views of gender," 2008.

[204] "REPRESENT. About," The REPRESENT. Project, https://representmedia.wordpress.com/.

[205] "How #UNSTEREOTYPE aims to change the way we see gender," Unilever, www.unilever.com/.

[206] "P&G's Ariel launches #ShareTheLoad campaign to shine light on inequality in household gender roles," P&G, https://jobs.pgcareers.com/.

[207] Jillian Richardson, "5 ad campaigns that shatter gender stereotypes," Contently, October 9, 2015.

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APPENDIX

This appendix has three sections that detail the methodology behind the first three chapters:

- Chapter 1: Sizing the economic opportunity
- Chapter 2: Mapping the gender gaps
- Chapter 3: Improving corporate gender diversity

CHAPTER 1: SIZING THE ECONOMIC OPPORTUNITY

McKinsey has built a supply-side model that estimates the economic impact of closing the gender gap in labour markets in Canada and its provinces. We cover the ten provinces, but we exclude the territories because of a lack of sufficient gender-disaggregated data. The model estimates and forecasts the gross value added (GVA) contribution of women and men in the period to 2026 for the ten provinces covered in the analysis.[208]

The model calculates GVA using five inputs, each of which is estimated by gender:

GVA =
working-age population
x
labour force participation rate
x
employment rate
x
full-time equivalent rate
x
labour productivity per full-time equivalent employed

The working age population includes persons aged 15 years and older. The labour force participation rate is the percentage of the working-age people who hold or are in search of gainful employment. The employment rate is calculated based on the number of employed persons divided by the number of people in the labour force. The full-time equivalent rate is the ratio of full-time equivalent employees relative to total employees. Labour productivity per full-time equivalent employee is the economic output of each full-time equivalent employee.

Overall approach

Drivers of the difference in male and female GVA. The model captures differences in male and female contributions to GVA along three dimensions: participation rates, hours worked, and the distribution of employment among 15 subsectors of the economy that are typically used by Statistics Canada for reporting purposes. This categorization collapses the 20 two-digit North American Industry Classification System (NAICS) subsectors by grouping them thematically into 15 sectors. For example, it combines wholesale and retail trade into one sector.

[208] We chose GVA because we were able to rely on consensus external forecasts from HIS Markit to create a baseline scenario going forward. GVA was also selected because, to our knowledge, there are no GDP forecasts by sector through 2026. We compared the GVA forecasts to the GDP forecasts for 2024 and found that they diverge by one to two percentage points. Therefore, we believe GVA is a good proxy for GDP.

The 15 subsectors used are: agriculture, forestry, fishing, mining, quarrying, oil and gas; utilities; construction; manufacturing; wholesale and retail trade; transportation and warehousing; finance, insurance, real estate, rental and leasing; professional, scientific and technical services; business, building and other support services; educational services; health care and social assistance; information, culture and recreation; accommodation and food services; other services (except public administration); and public administration. We assume there is no impact on productivity due to the different roles men and women play in companies or the size of firms that employ men and women.

Second-order impact on GVA. We do not include any second-order impact from increased participation of women, including increased consumption by women, or any drag on productivity due to changes in the supply of labour relative to capital.

Summary of approach and data sources

Labour force. To estimate the total labour force for each province, we calculate its working-age population and labour force participation rate separately for six cohorts, comprising the two genders and three age cohorts: 15–24 years, 25–54 years, and 55 and older. The working-age population for all scenarios is sourced from the Statistics Canada population estimates by age bands (CANSIM table 051-0001). The historical labour force participation rate is sourced from the Statistics Canada Labour Force Survey (CANSIM table 282-0002).

Full-time equivalent employment. We first apply each province's employment rate to its forecast aggregate labour supply. The employment rate for historical periods is sourced from the Statistics Canada Labour Force Survey analysis of employment by gender (CANSIM table 282-0002). We use these data to calculate employment split by gender. To convert employment by gender into full-time equivalents, we use the Statistics Canada Labour Force Survey results for hours worked in an actual week at a main job (CANSIM table 282-0028). Specifically, we use the following variables to convert full-time equivalent employment:

- Employment by full-time and part-time split by gender
- Average total hours worked by men and women employed part time and full time.

We assume the hours worked by men and women per week do not vary by sector.

Labour productivity. For each province, we estimate labour productivity per full-time equivalent employee for men and women using a two-step calculation:

- First, we calculate the average productivity in each province by sector using GVA from IHS World Industry Service and Statistics Canada employment data.
- Then, we estimate the overall productivity of men and women for all provinces by weighting sector productivity by the share of full-time equivalent employment within a sector for each gender. In most provinces, productivity is lower for women than for men (as measured by GVA per worker) because women are disproportionately concentrated in low-productivity sectors such as education and retail trade services.

We assume that the productivity of men and women in the same subsector (for example, education, manufacturing, wholesale and retail trade) is the same and that any variations in average productivity among men and women at the provincial level are due to the sector mix of their employment.

Forecast assumptions

McKinsey modelled three scenarios to calculate the economic opportunity available from bridging the gender gap in 2026.

- The first scenario is a business-as-usual forecast of GVA, based on IHS World Industry Service and Statistics Canada data to establish a baseline level of growth. We supplement these consensus estimates of GVA with historical data to obtain gender-disaggregated forecasts.

- The second is a full-potential scenario that describes the maximum GVA opportunity from achieving complete gender parity for each province on the various dimensions included in our model.

- The third is a best-in-Canada scenario that describes the GVA opportunity for each province if it were to bridge the gender gap at the best historical rate among all provinces.

For all projections, we use Statistics Canada population forecasts, complemented with linear projections of historical labour force participation and employment rates.

Business-as-usual scenario

In the business-as-usual scenario, we calculate detailed data on labour supply split by gender according to growth rates over the past ten years, ensuring that they follow a few overall constraints. In detail:

- We first estimate the labour force participation rate in 2026 by age group and gender, based on its compound annual growth rate between 2006 and 2016. We then apply three constraints: the participation rate does not exceed 100 percent for any cohort; for each age cohort, the rate of female participation does not exceed that of males; and the participation rate of those aged 55 and older for each province remains equal to or less than that of those aged 25–54 for that province.

- For the employment rate and ratio of hours worked, we use the Statistics Canada historical provincial employment data by gender and project them forward linearly.

- We grow the relative productivity of full-time equivalent females at the ten-year rate for each province. Some provinces' relative female productivity grew over the time period, while that of others fell, with an average overall growth close to zero. This assumption is consistent with analysis of historical data in MGI's 2015 global report, *The power of parity: How advancing women's equality can add $12 trillion to global growth*, which shows little or no change for most countries in our sample over the 2005 to 2015 period.

- To build the business-as-usual scenerario, we take the GVA forecasts of IHS World Industry Service as given and then build a model to determine the underlying assumptions about the workforce. We estimate the future distribution of employment by sector and gender based on historical trends from the latest ten-year time frame and then apply the relative overall productivity by gender to the employment estimates.

Full-potential scenario

The full-potential scenario sizes the total opportunity of closing the gender gaps in the labour force participation rate, employment rate, hours worked, and sector mix. Male inputs into GVA stay constant at business-as-usual levels in 2026. We calculate female inputs so that they are equal to those of males in 2026: the gap in participation rates for each age group, the gap in employment rates, the gap in hours worked, and the gaps in relative productivity between men and women within the industry and service sectors are fully bridged.

Best-in-Canada scenario

The best-in-Canada scenario sizes the GVA opportunity for each province if that province were to bridge the gender gap at the best historical rate of improvement achieved by any province.

For the labour force participation rate, we match the fastest historical rate of improvement for the provinces: these are Quebec for the 15–24 age group, Nova Scotia for 25–54, and British Columbia for 55 and older. For hours worked, we also match the best improved historical rates: these are observed in Nova Scotia for the 15–24 and 55 and older cohorts, and in Manitoba for the prime age cohort.

An exception is made for the productivity measure, where there is large variability among provinces, and where many provinces have seen their productivity decrease over the past ten years. For this measure, rather than matching to the fastest observed rate of relative productivity growth (seen in Newfoundland), we chose to benchmark against New Brunswick, the third-fastest growing province. We did so because we observe that Newfoundland has a low starting relative productivity rate (66 percent, compared to an average of 87 percent), and it owes its growth to a decrease in male productivity rather than an increase in female productivity. In contrast, New Brunswick has an average female relative productivity rate in 2006 (87 percent) and increased productivity of both men and women over the observed time period. The growth in productivity is due to an increase in overall economic output, as well as a changing sector share of females.

The scenario assumes that, for each province and each input, the male growth rate is constant at business-as-usual levels, but the female growth rate is equal to the male growth rate plus the best-in-Canada rate of convergence between male and female levels of parity. The rate of convergence is calculated as the difference between the growth in the female labour force participation rate and growth in the male labour force participation rate. The convergence rate is capped for each province so that the female GVA input does not overtake the male GVA input in 2026. We apply the same methodology to calculate the rate of convergence for hours worked. However, we calculate the rate of convergence for productivity based purely on the change in distribution of employment of men and women in the 15 subsectors examined, and not as a consequence of any change in underlying productivity of each of these sectors—this is independently factored into productivity forecasts.

In this scenario, we have modelled using the rate of progress toward bridging the gender gap for the three levers of labour force participation, hours worked, and sector mix. We also ran the model using the value of the actual best province in Canada and found similar results. However, we do not use the actual best-in-Canada value because of the high variability in productivity between the top- and bottom-performing provinces.

Implications of scenarios on the overall structure of GVA

We analyze the impact of bridging the gender gap on the overall structure of the economy and the job creation needed to provide opportunities to the additional women entering the workforce. For all provinces, this represents an expansion of service-sector GVA resulting from both increased employment in services and a shift of employment of women to more productive service-sector jobs. This corresponds with the creation of approximately 600,000 incremental jobs in the best-in-Canada scenario relative to the business-as-usual scenario. This figure equates to the difference between the forecast labour force participation rate in the business-as-usual and best-in-Canada scenarios.

CHAPTER 2: MAPPING THE GENDER GAPS

We used 15 indicators to help identify Canada's position on gender equality. Many of these were identical to or tailored versions of the indicators from MGI's 2015 global research report. This section outlines how the indicators used in this analysis compare to those from the MGI global report and defines the indicators' formulas, sources, and range threshold definitions.

Comparison of the indicators used in MGI's global report and this report

Many of the indicators (nine, or 60%) are similar or identical to those used in MGI's global report. The other six were added because they are relevant to Canada (another six were eliminated because they were not relevant or the data was unavailable) (Exhibit A1).

Exhibit A1

Comparison of indicators used in MGI's global report and this report

Category	Indicators
Similar or identical indicators Canada indicator is the same as or similar to a global indicator	▪ Labour force participation ▪ Wage gap (similar to perceived wage gap for similar work) ▪ Managerial positions (similar to leadership and managerial positions) ▪ Unpaid care work ▪ Higher education (similar to education) ▪ Financial literacy (similar to financial inclusion) ▪ Maternal mortality ▪ Political representation ▪ Violence against women
New indicators Canada-specific indicators added	▪ Hours worked ▪ STEM occupations ▪ Entrepreneurship ▪ STEM education ▪ Teenage pregnancy ▪ Single parenthood
Eliminated indicators Global indicators removed given their lack of relevance to Canada	▪ Professional and technical jobs ▪ Unmet need for family planning ▪ Digital inclusion ▪ Legal protection ▪ Sex ratio at birth ▪ Child marriage

SOURCE: McKinsey Global Institute analysis

Similar or identical indicators

To select its indicators, MGI reviewed multiple global charters and statements of principle, examined the indicators that other well-established indices used to measure gender equality, and conducted principal component and factor analyses that identified natural groupings of variables. We tailored the relevant indicators to Canada by reviewing the academic literature, holding discussions with experts in and on Canada, and assessing how applicable the additional indicators from the US and UK reports would be for Canada.

The nine indicators that are identical or similar to those in MGI's global report are:

- **Labour force participation** measures the labour force participation rates of the population by gender and is identical to the indicator used in the global report.

- **Wage gap** is used as a proxy for the "perceived wage gap for similar work" indicator used in the global report. Canada lacks data for the "equal pay for equal work" concept, particularly at granular geographical levels. We therefore calculate the wage gap by taking a simple average of the female-to-male ratios of full-time workers' median hourly wage rate for each occupation. It is the best possible approach we were able to identify to measure the wage gap while adjusting for factors such as hours worked and sector mix. It is also the calculation method used by Statistics Canada.

  We believe this methodology controls for the impact that other factors may have on the wage gap. These factors could include the relative hours worked by men and women and the sector distribution of employment across men and women. However, this

methodology does not eliminate factors like the difference in roles occupied by men and women within an occupational category.

- **Managerial positions** is a subset of the "leadership and managerial positions" indicator used in the global report. While the global indicator includes legislators, senior officials, and managers, the Canadian one focuses on those with a managerial occupation.

- **Unpaid care work** measures the amount of hours spent on care for children, care for elders or any other adults, and housework. It is identical to the indicator used in the global report.

- **Higher education** measures the number of people in each gender that have graduated from post-secondary education or above. Higher education is one of the three components of the "education" composite indicator in the global report. We deemed the other two, "literacy" and "secondary education", less relevant to Canada and its peers. The US and UK reports took the same approach.

- **Financial literacy** substitutes for the "financial inclusion" indicator in the global report. The global indicator is a composite of the rate of account holders at a financial institution, borrowing from a financial institution in the previous 12 months, and the use of mobile phones to send money. Canada's financial literacy indicator focuses on the difference in the level of financial knowledge between men and women. The decision to use this indicator was driven by data quality considerations and the indicator's relevance in the Canadian context.

- **Maternal mortality** measures the number of deaths from childbirth-related causes. It refers to deaths caused by pregnancy, childbirth, and the puerperium and is identical to the indicator used in the global report.

- **Political representation** is a tailored version of the "political representation" indicator in the global report. The global indicator is a composite of women's representation in parliamentary and ministerial positions, whereas Canada's consists of Senate and the House of Commons positions as well as provincial and territorial legislative ones.

- **Violence against women** is a modified version of the indicator used in the global report. The Canadian indicator looks beyond intimate partner violence and considers all types of sexual assault, robbery, and physical assault. Another difference between the two indicators is the time frame they cover. The global indicator accounts for the percentage of women who have experienced violence at any point in their lives, whereas the Canadian indicator reports the percentage of women that experienced violence in a 12-month period.

Although these indicators are intended to be similar and comparable to the global indicators, slight variations are also likely to be present due to differences in the data sources.

New indicators

Six indicators were added to help capture the state of Canada's gender inequality more accurately and completely.

- **Hours worked** measures the length of time that men work compared to women and helps assess and highlight whether women have a greater presence in part-time jobs and work fewer hours than men in general.

- **STEM occupations** examines the number of people working in a science, technology, engineering, or math (STEM) field and is relevant to the productivity gap between women and men.

- **Entrepreneurship** measures the number of small- and medium-sized enterprises that are majority owned by men or women and highlights women's lack of participation in this segment that helps drive growth in the economy.

- **STEM education** measures the number of people having graduated with a science, technology, engineering, or math post-secondary degree. This indicator is selected for the same reason as the STEM occupations indicator.

- **Teenage pregnancy** is defined as the prevalence of childbirth within women aged 15 to 19. This indicator captures the elevated challenges teenage mothers face in obtaining higher education and contributing to the economy. It also indicates the absence of a key female demographic from the workforce.

- **Single parenthood** measures the absolute proportion of families with children headed by single mothers and reflects the disproportionate burden of child care on single mothers. It also indicates the effect of this dynamic on the workforce, given how much harder it is for these mothers to work outside the home than it is for mothers from dual-parent households.

Indicators that were removed

Six indicators from the global report were excluded from the Canadian report. These consist of: professional and technical jobs, unmet need for family planning, digital inclusion, legal protection, sex ratios at birth, and child marriage. They were excluded because they are less relevant for Canada. First, Canada has or is close to reaching full parity on all these indicators. Second, Canada expects to see little variation between the provinces/territories and the cities on these dimensions. With regard to legal protection, for example, the Women, Business and the Law database from the World Bank Group notes that Canada is one of the few countries in which legal provisions apply to women and men equally, with no differences, and all the relevant provisions are set at the federal level so they apply to all provinces and territories uniformly.

Indicator formulas and sources

The majority of the indicators used in this report measure the difference between women's and men's situations. They are formulated as female-to-male or male-to-female ratios, depending on whether a disadvantageous figure for women is lower or higher than for men. For each of these indicators, a score of 1 represents full parity.

For indicators that apply only or overwhelmingly to women, such as teenage pregnancy, maternal mortality, single parenthood, and violence against women, the report used the absolute level expressed as a prevalence rate in percentage terms. For instance, violence against women is presented as the number of women that have been victims of violence as a percentage of the total female population.

The data for these indicators are derived from government sources, like statistical surveys run by Statistics Canada (Exhibit A2).

Exhibit A2

Data overview: indicators used, formulas, and sources

Indicator	Unit of measure-ment	Formula	National- and provincial-/territorial-level data		CMA-level data	
			Source	Data year	Source	Data year
Labour force participa-tion	F/M ratio	% of women aged 15+ in labour force/men	Statistics Canada, Labour Force Survey, CANSIM table 282-0002	2016	Statistics Canada, Labour Force Survey, CANSIM table 282-0129	2016
Hours worked	F/M ratio	Average number of hours worked per week by women aged 15+/men	Statistics Canada, Labour Force Survey, CANSIM table 282-0022	2016	Statistics Canada, Labour Force Survey, custom tabulation	2016
Wage gap	F/M ratio	Average of (median hourly wage rate by occupation for women aged 15+/men)	Statistics Canada, Labour Force Survey, CANSIM table 282-0152	2016	n/a	n/a
STEM occupa-tions	F/M ratio	Number of women aged 15+ in STEM occupations/men	Statistics Canada, Labour Force Survey, CANSIM table 282-0142	2016	Statistics Canada, 2011 National Household Survey, National Household Survey Profile for Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs)	2011
Manager-ial positions	F/M ratio	Number of women aged 15+ in management occupations/men	Statistics Canada, Labour Force Survey, CANSIM table 282-0142	2016	Statistics Canada, 2011 National Household Survey, National Household Survey Profile for Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs)	2011
Entrepre-neurship	F/M ratio	Number of small- and medium-sized enterprises majority owned by women/men	Innovation, Science and Economic Development Canada, Survey on Financing and Growth of Small and Medium Enterprises 2014	2014	Innovation, Science and Economic Development Canada, Survey on Financing and Growth of Small and Medium Enterprises 2014	2014
Unpaid care work	F/M ratio	Number of hours spent in unpaid care work by men/women	Statistics Canada, 2006 Census of Population, Statistics Canada Catalogue no. 97-559-XCB2006006	2006	Statistics Canada, 2006 Census of Population, Statistics Canada Catalogue no. 97-559-XCB2006006	2006
Higher education	F/M ratio	Number of women aged 15+ with bachelor's degree/men	Statistics Canada, Labour Force Survey, CANSIM table 282-0004	2016	Statistics Canada, 2011 National Household Survey, National Household Survey Profile for Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs)	2011
STEM education	F/M ratio	Number of women who graduated from post-secondary STEM education/men	Statistics Canada, Postsecondary Student Information System, CANSIM table 477-0030	2014	Statistics Canada, 2011 National Household Survey, National Household Survey Profile for Census Metropolitan Areas (CMAs) and Census Agglomerations (CAs)	2011

SOURCE: McKinsey Global Institute analysis

Exhibit A3

Data overview: indicators used, formulas, and sources

Indicator	Unit of measure-ment	Formula	National- and provincial-/territorial-level data		CMA-level data	
			Source	Data year	Source	Data year
Financial literacy	F/M ratio	Average financial quiz score of women/men	Statistics Canada, Canadian Financial Capabilities Survey 2014, custom tabulation	2014	n/a	n/a
Teenage preg-nancy	Births per 1,000 women	Number of births per 1,000 women aged 15–19	Statistics Canada, Vital Statistics—Birth Database, CANSIM table 102-4503; Statistics Canada, Annual Demographic Estimates: Canada, Provinces and Territories, CANSIM table 051-0001	2013	n/a	n/a
Maternal mortality	Deaths per 100,000 live births	Number of annual deaths caused by pregnancy, childbirth, and the puerperium per 100,000 live births	Statistics Canada, Vital Statistics—Death Database, CANSIM table 102-0552; Statistics Canada, Vital Statistics—Birth Database, CANSIM table 051-0013	2012	n/a	n/a
Single parent-hood	% of families with children	Number of families with children headed by single mothers/total number of families with children	Statistics Canada, Annual Income Estimates for Census Families and Individuals, CANSIM table 111-0011	2014	Statistics Canada, Annual Income Estimates for Census Families and Individuals, CANSIM table 111-0011	2014
Political represen-tation	F/M ratio	*National and provincial-/ territorial-level analysis:* Number of women in federal parliamentary and provincial/territorial legislative positions/men *CMA-level analysis:* Number of women on city councils/ men	Parliament of Canada, Women's Federal Political Representation & Women in the Provincial and Territorial Legislatures	2017	Municipality websites	2017
Violence against women	% of women aged 15+	Number of women aged 15+ having self-reported being victims of violent crime/total number of women aged 15+	Statistics Canada, General Social Survey—Victimization 2014, custom tabulation	2014	Statistics Canada, General Social Survey—Victimization 2014, custom tabulation	2014

SOURCE: McKinsey Global Institute analysis

Range threshold definitions

We established four different thresholds for gender inequality on each indicator: low, medium, high, and extremely high. We also used an absolute threshold for equality across indicators, rather than relative thresholds for each one; this approach helped ensure an objective assessment of equality. The thresholds were based on the education indicator, which is a core gender-equality indicator. MGI's global research examined it across various countries and found that virtually no countries had gender gaps greater than 50 percent. About 15 percent of countries had gaps greater than 25 percent, and about 50 percent of countries had gaps less than 5 percent. All other thresholds use this one, except for violence against women, which has lower thresholds because of its severity.

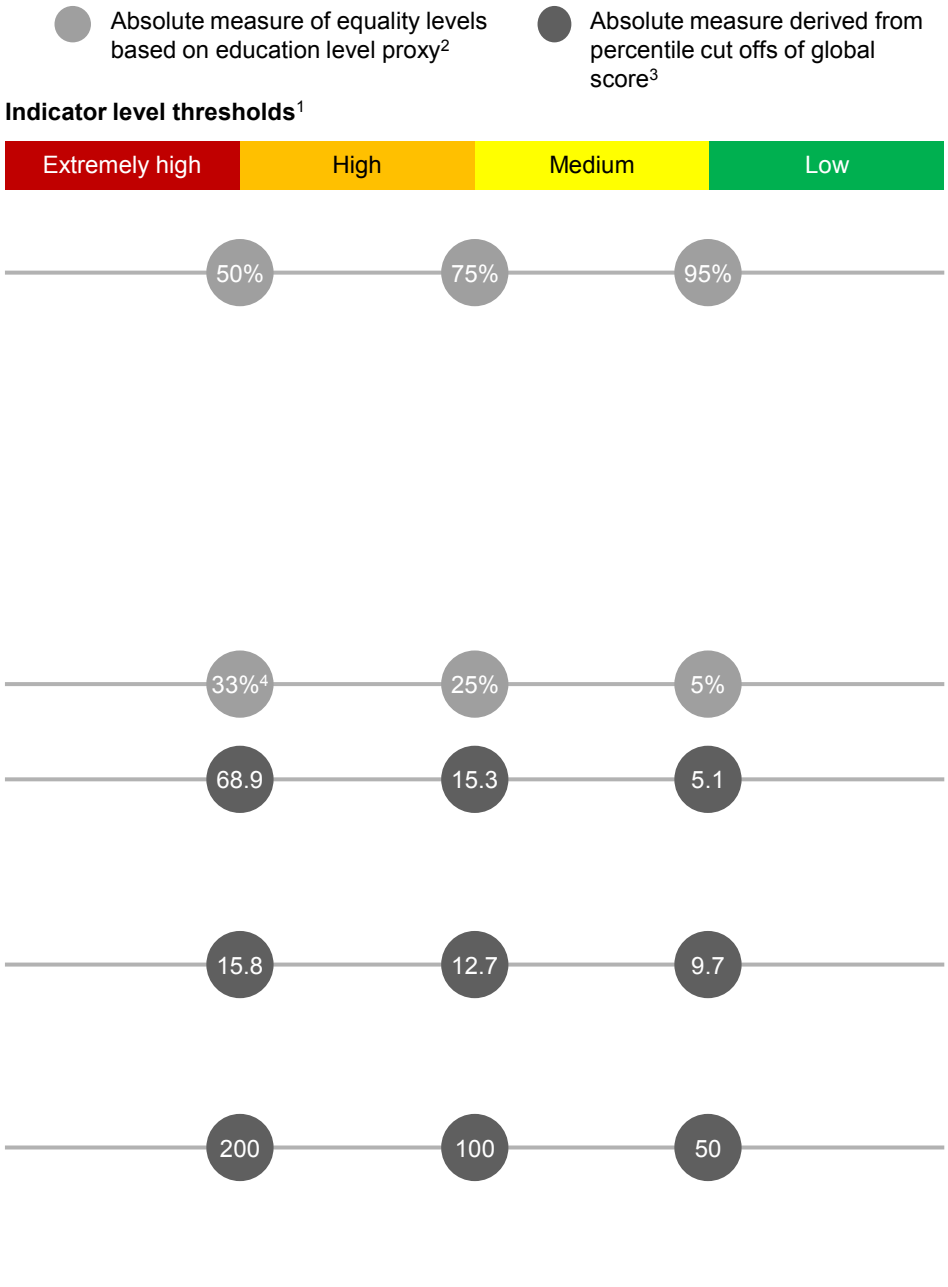
For a few indicators that had different data distributions, we employed different methodologies. Teenage pregnancy and single parenthood required that we use absolute measures with a threshold derived from the 50th, 75th, and 95th percentile cutoffs of a range of their respective global scores. This range includes scores from developed and developing countries, which allows comparisons of Canada's scores with the rest of the world.

For maternal mortality, the thresholds were informed by the relative distribution of maternal mortality ratios across countries. For example, low inequality has a cutoff of ten deaths per 100,000 live births, based on maternal mortality ratios typically seen in highly developed countries like those in Scandinavia. Extremely high inequality has a threshold of 200 deaths per 100,000 live births, because this appeared to be a natural break in the relative performance of countries. These thresholds are the same as those used in the global report.

For violence against women, we felt the severity of the indicator warranted different thresholds. To reflect the gravity of this indicator, the threshold for extreme inequality has been set lower than for the educational proxy, at 33 percent or one in three women affected.

Exhibit A4

Indicator results are colour-coded based on defined thresholds



1 The education level proxy shows that virtually no countries have educational gender gaps of more than 50%; 15% of countries have gaps greater than 25%; 50% of countries have gaps of less than 5%.
2 Calculated by taking the 50th, 75th, and 95th percentiles of global equivalent rates (i.e., teenage pregnancy and single parents).
3 Indicators range from 0 to 1, with 0 representing no gender parity and 1 representing gender parity; e.g., a 0.95 ratio represents a 5% distance from gender parity.
4 Severity of indicator warrants different threshold (~33%, based on statistics showing one in three women affected).

SOURCE: OECD; WHO; UN Statistics Division; McKinsey Global Institute analysis

CHAPTER 3: IMPROVING CORPORATE GENDER DIVERSITY

We administered and collected primary data from three surveys: talent pipeline survey, HR policies and programs survey, and employee experience survey. The first two were mandatory for completion, the last one was encouraged but optional.

Talent pipeline survey

Talent pipeline data is based on a survey of 69 companies across Canada, representing 470,000 employees. McKinsey & Company has administered the same survey in the United States and Europe and published those results in the Women in the Workplace series in partnership with LeanIn.Org, and the Women Matter series, respectively. The talent pipeline data includes the current representation of men and women from entry level to executive team, the distribution of line and staff roles, and the number of hires, promotions, and employees who left the company by gender. For the talent pipeline, 2016 data was used for 65 of the companies and 2015 data was used for 4 of the companies.

Promotion and attrition rates were determined independently for women and for men at each level. Promotion rates were calculated by dividing the number of promotions into a level by the start-of-year number of employees of that gender in the level below. Attrition rates were calculated by dividing the number of each gender who left the company at a given level by the number of employees of that gender in that level at the start of the year. Women's and men's start-of-year head counts were each calculated by adjusting year-end head count for attrition, promotions, and hires during the year.

Aggregate conclusions from this data were drawn using averages across companies. In calculating aggregate pipeline statistics, we took an average of averages. Each company received equal weighting to avoid overemphasizing the results of the largest employers.

Definition of levels

Companies categorized their employees into six levels based on standard definitions. Companies with more or fewer than six levels were encouraged to consider three elements when assigning employees: reporting structure, salary, and advancement. The levels and definitions are as follows:

- L1 – C-level executives and presidents: CEO and his or her direct reports or those responsible for company operations and profitability
- L2 – Senior vice presidents: Senior leaders of the organization with significant business unit or functional oversight
- L3 – Vice presidents: Leaders of the organization who report directly to senior vice presidents
- L4 – Senior managers/directors: Seasoned managers with responsibility for multiple teams and discrete functions or operating units
- L5 – Managers: Employees who have management responsibility over a store or team
- L6 – Individual contributors: Employees who carry out discrete tasks and participate on teams, typically in an office or corporate setting.

For some analyses we combined the senior vice presidents (L2) and C-level executives and presidents (L1) because of insufficient data, as some companies did not or could not provide data on both levels.

HR policies and programs survey

The policies and programs data is based on a survey completed by human resources departments from 68 companies across Canada, representing 520,000 employees. 2015 and 2016 data were used to inform the companies' policies and programs survey.

Questions were asked on a five-point scale to address the quality of implementation, and they included categories such as corporate culture, commitment to gender diversity, gender diversity indicators, formal programs to support career advancement, and HR policies and processes.

Average scores across companies were reviewed for each question and responses were also analyzed based on industry.

Employee experience survey

Employee experience data is based on research from five companies across Canada, representing 3,318 employees—an average response rate of 54 percent. It is important to also note that certain companies included only employees working at head office and did not disseminate the survey to field employees. Two of the five companies surveyed also comprised a majority of the respondents and so, to avoid skewing results, an average for each company was computed and then averaged across all five companies.

The survey itself consists of 81 questions and aims at understanding both women's and men's experiences across categories such as job satisfaction, career advancement, and gender across the company. It builds on the 2016 Women in the Workplace employee survey, which included 39 companies and more than 34,000 employee respondents.

Given our small sample size, significance tests could not be run. As a result, we relied on the data from previous Women in the Workplace studies to validate our findings. We also ran a poll of 1,000 Canadian adults, weighted to the 2011 census to be representative of age, gender, and region. This poll was used to further validate our findings.

Large group differences. Large differences between groups are reported when they are at least five percentage points, maximizing the likelihood that differences are of a meaningful magnitude.

Companies participating in the survey

Small and large companies opted in to the study in response to outreach and invitations from McKinsey & Company. Their participation in the employee experience survey was encouraged but optional. The industry breakdown of participating companies in the talent pipeline and human resources surveys is as follows:

Industrials – 5 in the talent pipeline survey (5 in the HR survey)

Construction and manufacturing – 18 (17)

Retail and consumer products – 6 (8)

Travel, transport, logistics – 2 (2)

Media and telecommunication – 5 (5)

Finance, insurance, and real estate – 11 (11)

Other services – 17 (16)

Public administration, education, and healthcare – 5 (4).

Geographic coverage

This report covers only findings from Canada.

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Since 2007, McKinsey's Women Matter research has explored the role women play in the global workplace, their experiences and impact in senior-executive roles, and the performance benefits that companies gain from gender diversity.

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